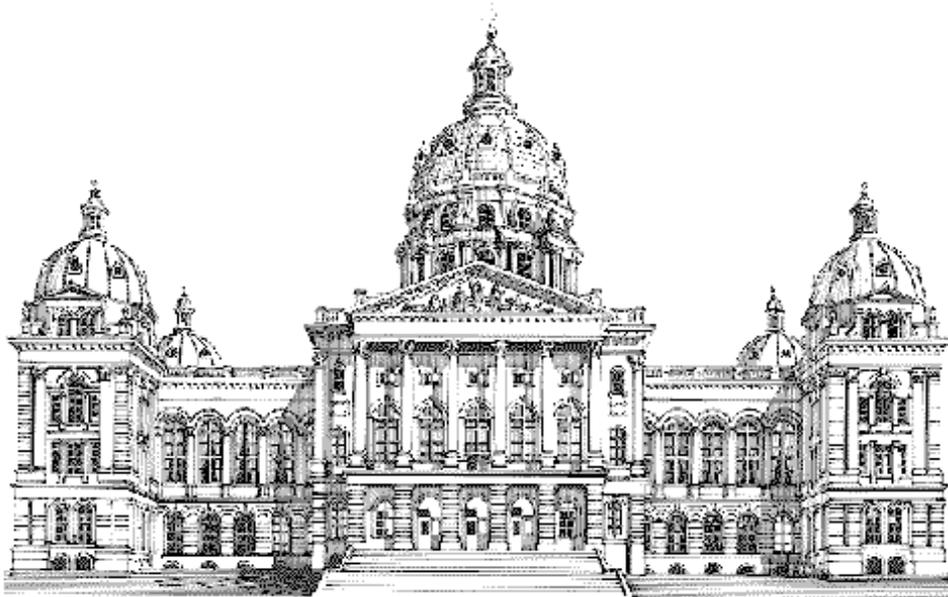


**SUMMARY OF FY 2005 BUDGET  
AND  
GOVERNOR'S RECOMMENDATIONS**



**FISCAL SERVICES DIVISION  
LEGISLATIVE SERVICES AGENCY  
JANUARY 2004**

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## FOREWORD

 The purpose of this document is to provide the General Assembly with information concerning FY 2005 General Fund estimated receipts, department requests, and Governor's recommendations. The information provides an overall summary of the State budget and is intended to help the General Assembly take a proactive approach toward the budgetary process.

In addition, the document is intended to provide the General Assembly with an overview of the General Fund, including revenues, expenditures, and Full-Time Equivalent (FTE) positions. The Fiscal Services Division will have detailed budget documents for each appropriations subcommittee, containing an overview and analysis of departmental budgets and Governor's recommendations. The appropriations subcommittees can use the documents for consideration of the FY 2005 budget.

The LSA has developed a series of computer programs to allow legislators and legislative staff on-line access to several products provided by the Fiscal Services Division. The explanation and product list are detailed in Appendix E, entitled, "Electronic Publishing of Information." The Fiscal Services Division web site address is <http://staffweb.legis.state.ia.us/lfb/>.



If you need additional information regarding a department request, Appendix F contains a list of Fiscal Services Division staff. Individual analysts can provide detailed information concerning each request.



Questions concerning this document should be directed to Holly M. Lyons, Fiscal Services Director, (515) 281-5279 [holly.lyons@legis.state.ia.us](mailto:holly.lyons@legis.state.ia.us)

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## DOCUMENT NOTES

### When Reviewing This Document, Please Note The Following:

Section 8.35A(2), Code of Iowa, requires the Department of Management (DOM) to transmit all department requests in final form to the Fiscal Services Division of the Legislative Services Agency by November 15. This document is based on the January 13, 2004, budget tape received by the Fiscal Services Division. In some instances, a department request may have been changed from the time the Department Request Summary was published in December.

Other items worth noting when reviewing this document include:

- ▶ Any new concept, new funding not included in a department request, or significant modification to a department funding request that is made by a Governor's recommendation is preceded by this symbol, ❖.
- ▶ *Any new concept introduced by the Governor and discussed within departmental issues or statewide issues is indicated by italics.*
- ▶ Revenues and expenditures are estimated for FY 2004 and FY 2005.
- ▶ The Governor's recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, an across-the-board reduction, and in some instances, a charter agency reduction. At the beginning of FY 2004, the Governor transferred \$15.2 million from the Department of Human Services, Medical Assistance (Medicaid) Program to the Salary Adjustment Fund. Since the salary adjustment transfer is considered a one-time transfer of funds, many departments have requested that the FY 2004 salary adjustment transfer funding be replaced by a General Fund appropriation in FY 2005.
- ▶ On December 11, 2003, the Governor issued an 8.39 Appropriations Transfer Notice transferring \$1.5 million to the Department of Public Safety from the Departments of Commerce, Corrections, Human Services, Natural Resources, Revenue, and Veterans Affairs for FY 2004. This one-time transfer of funds will not be reflected in the estimated net FY 2004 total on the tracking document until the end of FY 2004 when the books are reconciled.
- ▶ **Appendix A** is an appropriations tracking document showing General Fund, Other Fund, and FTE position appropriations by subcommittee. The document shows Actual 2003, Estimated Net 2004, Governor's Recommendation 2005, a comparison column between 2004 and 2005, and a percentage change column.
- ▶ **Appendix B** is a listing of the projected FY 2005 built-in increases and decreases compared to estimated net FY 2004.

## Document Notes

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- **Appendix C** is a glossary of budget terms.
- **Appendix D** contains a listing of the ***Issue Reviews*** completed by the Fiscal Services Division since the 2003 Legislative Session.
- **Appendix E** contains an explanation of products available through the LSA's Electronic Publishing of Information.
- **Appendix F** contains the Fiscal Services Division staff listing and assignments.



## 2004 IOWA LEGISLATIVE SESSION TIMETABLE

(If Legislative Rules remain unchanged)

- **January 12** - First day of Session.
- **January 16** - Final day for individual Senator requests for bill drafts to be submitted to the Legislative Service Agency. (SR27)
- **January 23** - Final day for individual Representative requests for bill drafts to be submitted to the Legislative Service Agency. (HR29)
- **March 5** - Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- **March 8 - March 12** - House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- **March 15 - March 26** - Debate not limited by rule.
- **March 26** - Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- **March 29 - April 2** - House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- **April 5** - Amendments need not be filed on the day preceding floor debate.
- **April 5** - Only the following bills are eligible for consideration:
  - ◆ Appropriations
  - ◆ Ways and Means
  - ◆ Legalizing Acts
  - ◆ Co-sponsored by Majority and Minority Leaders
  - ◆ Companion bills sponsored by House and Senate Majority Leaders
  - ◆ Conference Committee Reports
  - ◆ Bills passed by both Chambers in different forms
  - ◆ Concurrent or Simple Resolutions
  - ◆ Bills on the Veto Calendar
  - ◆ Administrative Rules Review Committee and delayed committee bills.
  - ◆ Joint Resolutions nullifying Administrative Rules
  - ◆ Unfinished business
- **April 20** - 100<sup>th</sup> calendar day of Session.

## FY 2005 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC), which meets quarterly. The REC was created by statute in 1987 during government reorganization. Current members are:

- Dennis Prouty, Director, LSA
- Holmes Foster, Governor's Designee
- David Underwood, Door Group, Inc.

The December estimate is required to be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly shall continue to use the lower projection established in December.

On December 8, 2003, the REC estimated FY 2005 total State General Fund tax revenues, prior to transfers, accruals, and refunds, at \$5.189 billion. This reflects growth in revenue of \$82.9 million (1.6%) compared to estimated FY 2004. The FY 2005 revenue estimate includes \$63.4 million in increased sales tax from residential energy utilities. The tax increase is the result of the Governor's item vetoes of 2003 legislation. The Governor stated in the veto message that it was not his intent in vetoing the language to reinstate the 5.0% sales tax on utilities and that he would recommend reenacting the provision during the 2004 Legislative Session. *The Governor is recommending reinstatement of the residential utility tax phase-out.*

The December REC also estimated transfers to the General Fund and General Fund tax refunds. Fiscal year 2005 transfers were estimated at \$67.2 million, a decrease of \$20.8 million compared to estimated FY 2004. Fiscal year 2005 tax refunds were estimated at \$712.2 million, a decrease of \$23.8 million.

On a net revenue basis, General Fund FY 2005 revenues, after transfers, refunds, and accrued revenues, were estimated at \$4.550 billion, \$67.7 million (1.5%) above the estimated FY 2004 level.

The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate plus any General Fund balances from the prior year in excess of reserve requirements. For FY 2005, no excess is anticipated.

**PROJECTED CONDITION OF THE GENERAL FUND**

**STATE OF IOWA  
GENERAL FUND BALANCE**

( Dollars in Millions )

|  | <b>Fiscal Year 2004</b>       |                        | <b>Fiscal Year 2005</b>       |                        |
|--|-------------------------------|------------------------|-------------------------------|------------------------|
|  | <u>Governor's<br/>Recomm.</u> | <u>Current<br/>Law</u> | <u>Governor's<br/>Recomm.</u> | <u>Current<br/>Law</u> |
| <b>Estimated Funds Available:</b>                        |                               |                        |                               |                        |
| Estimated Receipts                                       |                               |                        |                               |                        |
| Revenue Est. Conference                                  |                               |                        |                               |                        |
| Receipts   | \$ 5,195.0                    | \$ 5,195.0             | \$ 5,257.1                    | \$ 5,257.1             |
| Revenue Adjustments (Exh. 1)                             | 36.2                          |                        | 283.1                         |                        |
| Total Receipts   | 5,231.2                       | 5,195.0                | 5,540.2                       | 5,257.1                |
| Tax Refunds  | - 736.0                       | - 736.0                | - 712.2                       | - 712.2                |
| Accruals   | 23.6                          | 23.6                   | 5.4                           | 5.4                    |
| <b>Total Funds Available</b>                             | <u>4,518.8</u>                | <u>4,482.6</u>         | <u>4,833.4</u>                | <u>4,550.3</u>         |
| <b>Expenditure Limitation</b>                            |                               |                        | <b>\$ 4,771.4</b>             | <b>\$ 4,504.8</b>      |
| <b>Estimated Appropriations:</b>                         |                               |                        |                               |                        |
| General Fund (Exh. 2)                                    | 4,573.8                       | 4,573.8                | 4,771.1                       |                        |
| 2.5% Across the Board Reduction 10/03                    | - 82.5                        | -82.5                  |                               |                        |
| Transfer From GF to Sr Living Trust Fund                 | 20.0                          |                        |                               |                        |
| Reversions:  |                               |                        |                               |                        |
| Regular  | - 10.0                        | - 10.0                 | - 10.0                        | - 10.0                 |
| Operations   | - 2.5                         | - 2.5                  | - 2.5                         | - 2.5                  |
| <b>Net Appropriations</b>                                | <u>4,498.8</u>                | <u>4,478.8</u>         | <u>4,758.6</u>                |                        |
| <b>Ending Balance prior to<br/>Cash Reserve Transfer</b> | <u>\$ 20.0</u>                | <u>\$ 3.8</u>          | <u>\$ 74.8</u>                |                        |

## Projected Condition of the General Fund

### STATE OF IOWA GENERAL FUND BALANCE

( Dollars in Millions )

#### Exhibit 1

|  | Fiscal Year 2004      |                | Fiscal Year 2005      |                |
|--|-----------------------|----------------|-----------------------|----------------|
|  | Governor's<br>Recomm. | Current<br>Law | Governor's<br>Recomm. | Current<br>Law |
| <b>Revenue Adjustments</b>                       |                       |                |                       |                |
|  | \$                    | \$             | \$                    | \$             |
| Cigarette & Tobacco Tax Incr. Eff. 3/1/04        | 36.0                  |                | 108.0                 |                |
| Combined Corporate Tax Reporting                 |                       |                | 25.0                  |                |
| Interest from Reserve Funds                      |                       |                | 5.0                   |                |
| Increase in DNR Fees                             | 0.2                   |                | 0.2                   |                |
| <b>Sales/Use Tax Changes:</b>                    |                       |                |                       |                |
| Restore phase-out of sales tax on res. utilities |                       |                | - 63.4                |                |
| Sales/Use Tax Expansion to Services:             |                       |                |                       |                |
| Engineering Services                             |                       |                | 33.3                  |                |
| Accounting/Auditing                              |                       |                | 29.5                  |                |
| Public Relations Services                        |                       |                | 23.8                  |                |
| Computer Programming                             |                       |                | 20.7                  |                |
| Consulting Services                              |                       |                | 19.6                  |                |
| Computer Integrated Systems Design               |                       |                | 19.0                  |                |
| Management Services                              |                       |                | 17.6                  |                |
| Architectural Services                           |                       |                | 9.2                   |                |
| Computer Facilities Management                   |                       |                | 8.2                   |                |
| Services Allied to Motion Picture                |                       |                | 6.8                   |                |
| Information Retrieval Services                   |                       |                | 4.3                   |                |
| Adjustments & Collections                        |                       |                | 3.5                   |                |
| Surveying Services                               |                       |                | 3.4                   |                |
| Computer Rental & Leasing                        |                       |                | 3.1                   |                |
| Business Consulting Services                     |                       |                | 2.6                   |                |
| Credit Reporting Services                        |                       |                | 2.5                   |                |
| Tax Return Preparation Services                  |                       |                | 1.2                   |                |
| <b>Total Revenue Adjustments</b>                 | <u>\$ 36.2</u>        | <u>\$ 0.0</u>  | <u>\$ 283.1</u>       | <u>\$ 0.0</u>  |

## Projected Condition of the General Fund

### STATE OF IOWA GENERAL FUND BALANCE

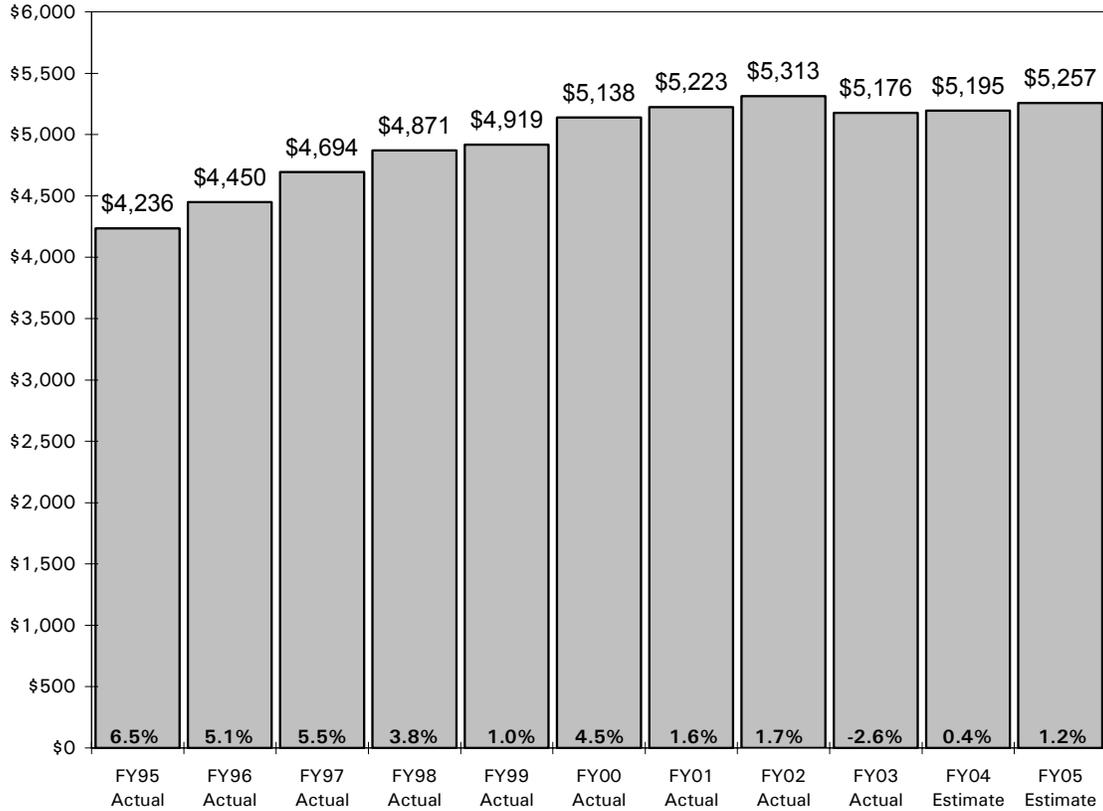
( Dollars in Millions )

#### Exhibit 2

| <i><b>Appropriations</b></i>           | <b>Fiscal Year 2004</b> |                   | <b>Fiscal Year 2005</b> |                       |
|--|-------------------------|-------------------|-------------------------|-----------------------|
|  | Governor's<br>Recomm.   | Current<br>Law    | Governor's<br>Recomm.   | Legislative<br>Action |
|  | \$                      | \$                | \$                      | \$                    |
| FY 2005 Appropriations:                |                         |                   |                         |                       |
| Admin. & Regulation Sub.               |                         | 94.4              | 92.4                    |                       |
| Ag. & Natural Resources Sub.           |                         | 34.2              | 34.2                    |                       |
| Economic Development Sub.              |                         | 22.5              | 46.3                    |                       |
| Education Sub.                         |                         | 880.4             | 933.6                   |                       |
| Health & Human Services Sub.           |                         | 750.5             | 838.2                   |                       |
| Justice System Sub.                    |                         | 503.1             | 521.4                   |                       |
| Trans. and Capitals Sub.               |                         | - 0.1             | 0.0                     |                       |
| Other Unassigned Standings-current law |                         | 2,206.2           | 2,305.0                 |                       |
| <b>Total Appropriations</b>            | <b>\$ 0.0</b>           | <b>\$ 4,491.2</b> | <b>\$ 4,771.1</b>       |                       |

# STATE GENERAL FUND RECEIPTS AND GROWTH PERCENT FY 1995 - FY 2005

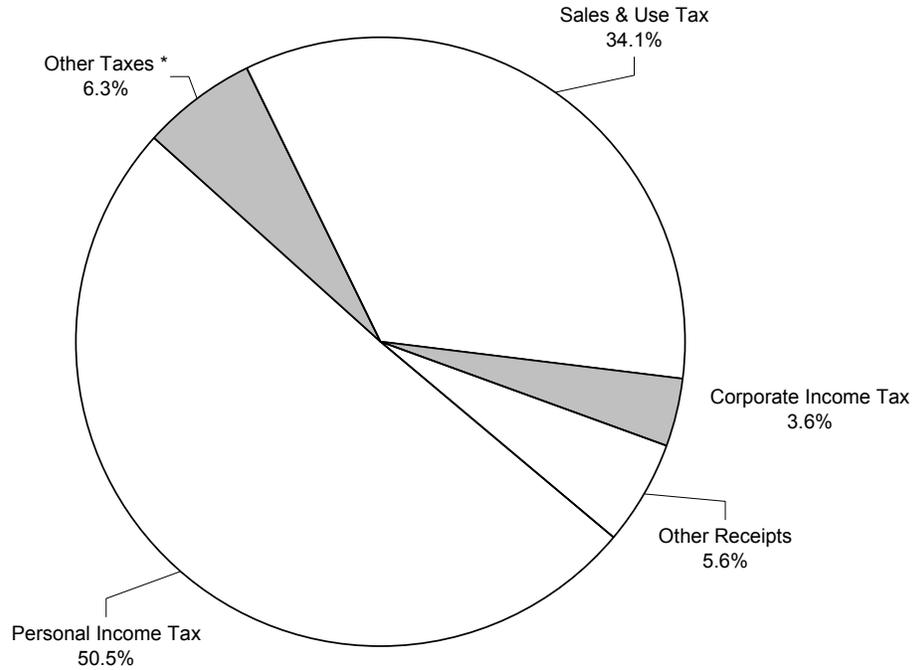
(Dollars in Millions)



Note: FY 2004 and FY 2005 figures are as estimated by the December 8, 2003, Revenue Estimating Conference. The amounts reflect tax revenues, other receipts, and transfers deposited to the General Fund. The amounts are not adjusted for tax refunds and accrued revenue adjustments.

**FY 2005 ESTIMATED GROSS GENERAL FUND RECEIPTS**

(Dollars in Millions)



**Total Estimated FY 2005 General Fund Receipts: \$5.190 billion**

Note: As estimated by the December 8, 2003, Revenue Estimating Conference.  
Cash basis total revenues. Does not include \$67.2 million in transfers, or adjustments for net accrued revenues and refunds.  
Totals may not add due to rounding.  
\* Other Taxes include: Inheritance, Insurance, Cigarette, Tobacco, Beer, and Franchise Tax

## General Fund Revenue Projection

# FY 2003 - FY 2005 GENERAL FUND REVENUE PROJECTION

(Dollars in Millions)

|   | FY 2003<br><u>Actual</u> | % Change<br>FY 2003 vs.<br>FY 2002 | REC<br>FY 2004<br><u>Estimate</u> | % Change<br>FY 2004 Est.<br>vs. FY 2003 | REC<br>FY 2005<br><u>Estimate</u> | % Change<br>FY 2005 Est.<br>vs. FY 2004 |
|---|--------------------------|------------------------------------|-----------------------------------|---|-----------------------------------|---|
| <b>Tax Receipts</b>                     |                          |                                    |                                   |   |                                   |   |
| Personal Income Tax                     | \$2,417.6                | 1.9%                               | \$2,527.2                         | 4.5%                                    | \$2,620.0                         | 3.7%                                    |
| Sales Tax                               | 1,450.3                  | -0.2%                              | 1,450.4                           | 0.0%                                    | 1,508.9                           | 4.0%                                    |
| Use Tax                                 | 254.2                    | 6.6%                               | 252.9                             | -0.5%                                   | 258.5                             | 2.2%                                    |
| Corporate Income Tax                    | 237.0                    | 7.1%                               | 180.1                             | -24.0%                                  | 185.1                             | 2.8%                                    |
| Inheritance Tax                         | 88.1                     | -12.3%                             | 76.7                              | -12.9%                                  | 72.0                              | -6.1%                                   |
| Insurance Premium Tax                   | 142.2                    | 5.0%                               | 130.0                             | -8.6%                                   | 106.5                             | -18.1%                                  |
| Cigarette Tax                           | 88.1                     | 0.1%                               | 86.3                              | -2.0%                                   | 84.1                              | -2.5%                                   |
| Tobacco Tax                             | 7.4                      | 4.2%                               | 7.5                               | 1.4%                                    | 7.7                               | 2.7%                                    |
| Beer Tax                                | 13.9                     | 0.7%                               | 14.0                              | 0.7%                                    | 14.0                              | 0.0%                                    |
| Franchise Tax                           | 35.3                     | 14.2%                              | 39.2                              | 11.0%                                   | 40.8                              | 4.1%                                    |
| Miscellaneous Tax                       | 1.1                      | -26.7%                             | 1.5                               | 36.4%                                   | 1.5                               | 0.0%                                    |
| <b>Total Tax Receipts</b>               | <u>4,735.2</u>           | 1.6%                               | <u>4,765.8</u>                    | 0.6%                                    | <u>4,899.1</u>                    | 2.8%                                    |
| <b>Other Receipts</b>                   |                          |                                    |                                   |   |                                   |   |
| Institutional Payments                  | 16.2                     | -66.7%                             | 14.6                              | -9.9%                                   | 14.6                              | 0.0%                                    |
| Liquor Profits                          | 49.0                     | 3.2%                               | 51.0                              | 4.1%                                    | 51.0                              | 0.0%                                    |
| Interest                                | 18.1                     | -28.5%                             | 12.0                              | -33.7%                                  | 6.4                               | -46.7%                                  |
| Fees                                    | 72.1                     | 2.7%                               | 66.2                              | -8.2%                                   | 64.7                              | -2.3%                                   |
| Judicial Revenue                        | 54.7                     | 5.4%                               | 57.3                              | 4.8%                                    | 57.3                              | 0.0%                                    |
| Miscellaneous Receipts                  | 41.4                     | -1.7%                              | 80.1                              | 93.5%                                   | 36.8                              | -54.1%                                  |
| Racing and Gaming                       | 60.0                     | 0.0%                               | 60.0                              | 0.0%                                    | 60.0                              | 0.0%                                    |
| <b>Total Other Receipts</b>             | <u>311.5</u>             | -9.9%                              | <u>341.2</u>                      | 9.5%                                    | <u>290.8</u>                      | -14.8%                                  |
| <b>Total Taxes &amp; Other Receipts</b> | <u>5,046.7</u>           | 0.8%                               | <u>5,107.0</u>                    | 1.2%                                    | <u>5,189.9</u>                    | 1.6%                                    |
| <b>Transfers</b>                        |                          |                                    |                                   |   |                                   |   |
| Lottery                                 | 38.9                     | -2.8%                              | 43.7                              | 12.3%                                   | 55.4                              | 26.8%                                   |
| Other Transfers                         | 90.1                     | -66.1%                             | 44.3                              | -50.8%                                  | 11.8                              | -73.4%                                  |
| <b>Total Transfers</b>                  | <u>129.0</u>             | -57.8%                             | <u>88.0</u>                       | -31.8%                                  | <u>67.2</u>                       | -23.6%                                  |
| <b>Total Receipts &amp; Transfers</b>   | <u>5,175.7</u>           | -2.6                               | <u>5,195.0</u>                    | 0.4%                                    | <u>5,257.1</u>                    | 1.2%                                    |
| Accrued Revenue (net)                   | -44.9                    |                                    | 23.6                              |   | 5.4                               |   |
| Tax Refunds                             | -647.3                   | -2.4%                              | -736.0                            | 13.7%                                   | -712.2                            | -3.2%                                   |
| <b>Net General Fund Receipts</b>        | <u>\$4,483.5</u>         | -4.2%                              | <u>\$4,482.6</u>                  | 0.0%                                    | <u>\$4,550.3</u>                  | 1.5%                                    |

Note: The Revenue Estimating Conference estimated FY 2004 and FY 2005 General Fund revenues on December 8, 2003. The individual revenue items are projected on a July 1 through June 30 fiscal year basis and do not reflect accrued revenues. Accrued revenue has been collected from the taxpayer but not remitted to the State during the fiscal year. The revenue total is adjusted for accruals by the Accrued Revenue (net) line at the bottom of the table. Tax refunds are reported on a fiscal year basis.

## EXPENDITURE LIMITATION ACCOUNTS

### Cash Reserve Fund

- The Cash Reserve Fund Account requires a balance of 7.5% of the adjusted revenue estimate for the General Fund. House File 2625 (FY 2002 Adjustments and Transfers Act) increased the maximum percentage from 5.0% to 7.5% beginning with FY 2004, but the 2003 General Assembly notwithstanding this provision for FY 2004 so the goal remains at 5.0% for that fiscal year.
- Beginning with FY 2005, if the balance in the Cash Reserve Fund is not at the statutory maximum of 7.5%, a standing appropriation from the General Fund is deposited in the reserve fund in an amount up to 1.0% of the adjusted revenue estimate.
- The beginning balance in the Fund for FY 2003 was \$140.1 million. The beginning balance for FY 2004 is \$205.5 million before the transfer of \$45.8 million to the General Fund to balance FY 2003. After the transfer, the balance will be \$159.7 million.
- Any year-end General Fund surplus (ending balance) is appropriated to the Cash Reserve Fund.
- Interest on moneys deposited in the Fund is credited to the Rebuild Iowa Infrastructure Fund (RIIF). In recent fiscal years, the Legislature notwithstanding this provision and credited the interest to the General Fund. *The Governor is recommending that the interest be credited to the General Fund in FY 2005.*
- Moneys in the Cash Reserve Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- Appropriations from the Fund are allowed if:
  - ✦ The appropriation is for a non-recurring emergency expenditure.
  - ✦ Funding is contained in a bill or resolution in which the appropriation is the only subject matter.
  - ✦ The appropriation is approved by a majority of the members of both chambers and the Governor if the Fund is not reduced to below 3.75%. Approval of 60.0% of the members of both chambers and the Governor is required if the Fund is to be reduced below 3.75% of the adjusted General Fund revenue estimate.



## Expenditure Limitation Accounts

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### Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account

- The Generally Accepted Accounting Principles (GAAP) Account receives the amount of Cash Reserve Fund moneys in excess of the required balance. If no GAAP deficit exists, the money is transferred directly to the Economic Emergency Fund.
- The Department of Management must annually file with both houses of the General Assembly a schedule of the items for reducing the GAAP deficit.
- Moneys exceeding the amounts required to retire the GAAP deficit are appropriated to the Economic Emergency Fund.

### Iowa Economic Emergency Fund

- The maximum balance of the Economic Emergency Fund Account is 2.5% of the adjusted revenue estimate for the General Fund. House File 2625 (FY 2002 Adjustments and Transfers Act) decreased the maximum percentage from 5.0% to 2.5% beginning with FY 2004, but the 2003 General Assembly notwithstanding this provision for FY 2004 so the goal remains at 5.0% for that fiscal year.
  - Moneys in excess of the required balance are transferred to the following funds in priority order:
    - ✦ Endowment for Iowa's Health -- \$40.0 million
    - ✦ Senior Living Trust -- \$118.0 million
    - ✦ Endowment for Iowa's Health -- \$101.8 million
    - ✦ General Fund – Any excess
  - The beginning balance in the Fund for FY 2003 was \$25.2 million. The estimated beginning balance for FY 2004 is \$3.3 million.
  - Interest on moneys deposited in the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. In recent fiscal years, the Legislature notwithstanding this provision and credited the interest to the General Fund. *The Governor is recommending that the interest be credited to the General Fund in FY 2005.*
  - Moneys in the Economic Emergency Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
  - Appropriations from the Fund require approval of a majority of the members of both chambers and the Governor.
-

- Transfers of up to \$50.0 million are allowed from the Economic Emergency Fund to the General Fund to reduce a negative ending balance in the State General Fund.

### Rebuild Iowa Infrastructure Fund (RIIF)

- Funds in the Rebuild Iowa Infrastructure Fund (RIIF) Account shall be used for public infrastructure-related expenditures.
- All State racing and gaming receipts in excess of \$60.0 million shall be credited to the Rebuild Iowa Infrastructure, the Vision Iowa Fund, and the School Infrastructure Fund.
- Interest on moneys deposited in the Cash Reserve Fund and the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. In recent fiscal years, the Legislature notwithstanding this provision and credited the interest to the General Fund.
- Interest generated from the Rebuild Iowa Infrastructure Fund remains in the Fund.
- The General Assembly may provide that all or part of the moneys deposited in the GAAP Account may be transferred to the Rebuild Iowa Infrastructure Fund Account instead of the Economic Emergency Fund Account.

### Flow of General Fund Revenues After Expenditure Limitation

The Flow of General Fund Revenues After Expenditure Limitation table and chart on the following pages illustrates the flow of General Fund revenues after expenditure limitation.

Staff Contact: Jeff Robinson (281-4614) [jeff.robinson@legis.state.ia.us](mailto:jeff.robinson@legis.state.ia.us)

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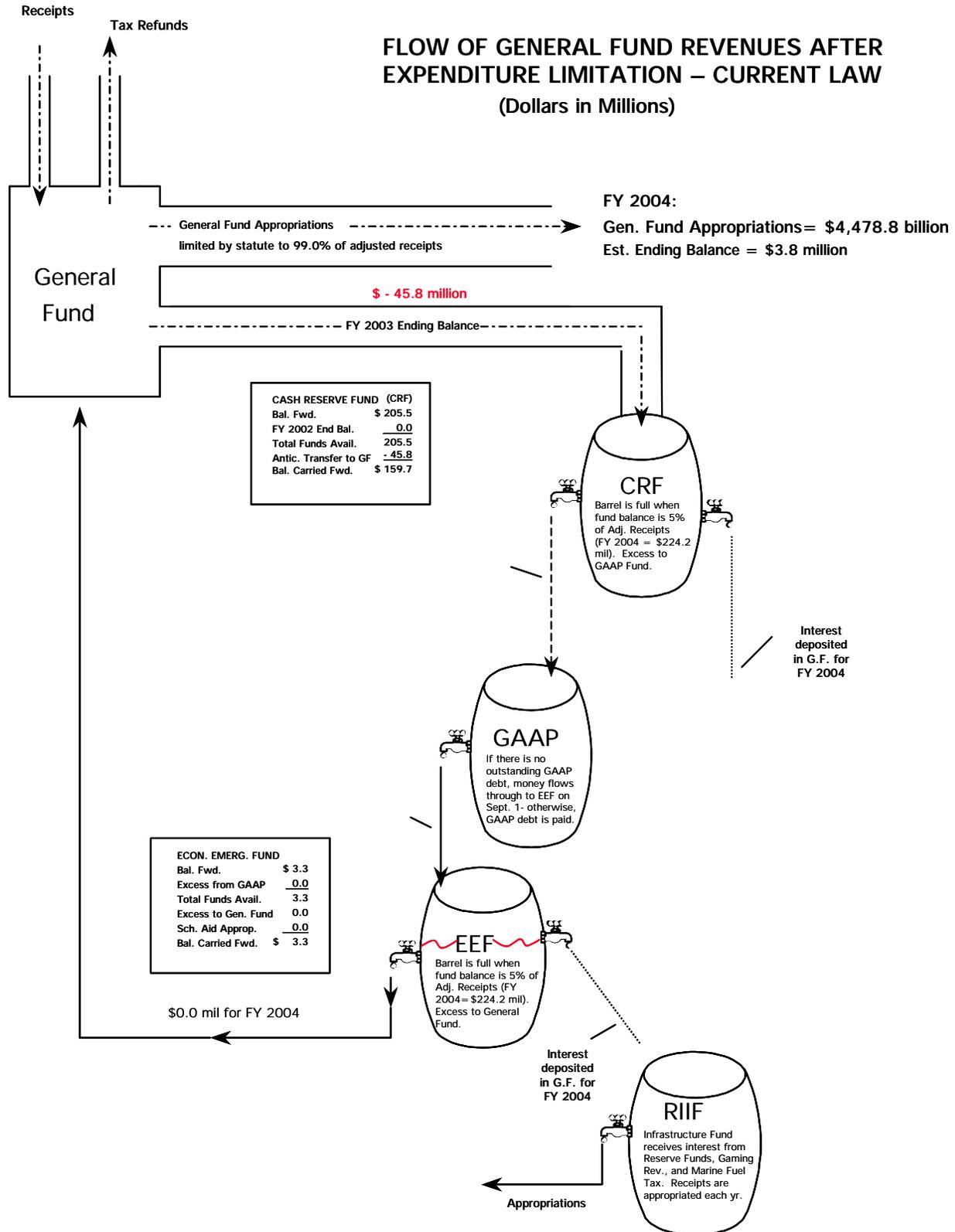
**FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION**

State of Iowa  
(Dollars in Millions)

| <b>CASH RESERVE FUND (CRF)</b>            | <b>Actual<br/>FY 2002</b> | <b>Actual<br/>FY 2003</b> | <b>Estimated<br/>FY 2004</b> | <b>Gov. Rec.<br/>FY 2005</b> |
|---|---------------------------|---------------------------|------------------------------|------------------------------|
| Balance Brought Forward                   | \$ 235.6                  | \$ 140.1                  | \$ 205.5                     | \$ 159.7                     |
| Estimated Revenues:                       |                           |                           |                              |                              |
| Gen. Fund Ending Bal. prior year          | 0.0                       | 89.1                      |                              | 20.0                         |
| Transfer to GF to Close Out FY 2003       |                           |                           | - 45.8                       |                              |
| Total Funds Available                     | <u>235.6</u>              | <u>229.2</u>              | <u>159.7</u>                 | <u>179.7</u>                 |
| Special Transfer to/from Gen. Fund        | - 90.0                    |                           |                              |                              |
| Transfer to Environ. First Fund           |                           | - 16.6                    |                              |                              |
| Transfer to RIIIF                         |                           | - 2.2                     |                              |                              |
| Approp for Military Pay Differential      |                           | - 1.8                     |                              |                              |
| Excess Transferred to GAAP                | <u>- 5.5</u>              | <u>- 3.1</u>              | <u>0.0</u>                   | <u>0.0</u>                   |
| Balance Carried Forward                   | <u>\$ 140.1</u>           | <u>\$ 205.5</u>           | <u>\$ 159.7</u>              | <u>\$ 179.7</u>              |
| Maximum 5%/6.5% in FY 2005                | <u>\$ 230.1</u>           | <u>\$ 224.2</u>           | <u>\$ 225.9</u>              | <u>\$ 314.2</u>              |
| <b>GAAP DEFICIT REDUCTION ACCOUNT</b>     | <b>Actual<br/>FY 2002</b> | <b>Actual<br/>FY 2003</b> | <b>Estimated<br/>FY 2004</b> | <b>Gov. Rec.<br/>FY 2005</b> |
| Balance Brought Forward                   | \$ 0.0                    | \$ 0.0                    | \$ 0.0                       | \$ 0.0                       |
| Estimated Revenues:                       |                           |                           |                              |                              |
| Excess Transferred from CRF               | <u>5.5</u>                | <u>3.1</u>                | <u>0.0</u>                   | <u>0.0</u>                   |
| Total Funds Available                     | 5.5                       | 3.1                       | 0.0                          | 0.0                          |
| Excess Transferred to EEF                 | <u>- 5.5</u>              | <u>- 3.1</u>              | <u>0.0</u>                   | <u>0.0</u>                   |
| Balance Carried Forward                   | <u>\$ 0.0</u>             | <u>\$ 0.0</u>             | <u>\$ 0.0</u>                | <u>\$ 0.0</u>                |
| <b>IOWA ECONOMIC EMERGENCY FUND (EEF)</b> | <b>Actual<br/>FY 2002</b> | <b>Actual<br/>FY 2003</b> | <b>Estimated<br/>FY 2004</b> | <b>Gov. Rec.<br/>FY 2005</b> |
| Balance Brought Forward                   | \$ 169.6                  | \$ 25.2                   | \$ 3.3                       | \$ 3.3                       |
| Estimated Revenues:                       |                           |                           |                              |                              |
| Excess from GAAP                          | 5.5                       | 3.1                       | 0.0                          | 0.0                          |
| Total Funds Available                     | <u>175.1</u>              | <u>28.3</u>               | <u>3.3</u>                   | <u>3.3</u>                   |
| Excess Transferred to Gen. Fund           |                           |                           |                              |                              |
| Special Transfer to Gen. Fund             | - 105.0                   |                           |                              |                              |
| Appropriation to School Foundation Aid    | - 44.9                    | - 25.0                    |                              |                              |
| Balance Carried Forward                   | <u>\$ 25.2</u>            | <u>\$ 3.3</u>             | <u>\$ 3.3</u>                | <u>\$ 3.3</u>                |

# Flow of General Fund Revenues

## FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION – CURRENT LAW (Dollars in Millions)



## GOVERNOR'S FY 2005 GENERAL FUND RECOMMENDATIONS

The Governor's FY 2005 General Fund appropriation recommendation is \$4.771 billion, an increase of \$280.0 million (6.2%) compared to estimated net FY 2004.

### FY 2004 Recommendation – Revenues

- ❖ **\$36.0 million Cigarette Tax Increase** – The Governor is recommending an increase to the cigarette tax of 60 cents per pack. The Governor's budget assumes the tax increase will be enacted by March 1, 2004, which would generate an estimated \$36.0 million in General Fund revenue for FY 2004.

### FY 2004 Recommendation – Appropriations

- ❖ **\$20.0 million Transfer** – The Governor is recommending a transfer of \$20.0 million from the General Fund to the Senior Living Trust Fund in FY 2004. The Governor indicates this is to replenish the Trust Fund.

### FY 2005 Recommendation – Revenues

The Governor's FY 2005 General Fund budget recommendation proposes revenue adjustments resulting in a net revenue increase of \$283.1 million. The revenue changes include:

- ❖ **\$208.3 million from Sales Tax Expansion** – The Governor is recommending expanding the sales tax base to include the taxation of certain services, including:
  - ❖ Engineering: \$33.3 million
  - ❖ Accounting/Auditing: \$29.5 million
  - ❖ Public Relations: \$23.8 million
  - ❖ Computer Programming: \$20.7 million
  - ❖ Consulting: \$19.6 million
  - ❖ Computer Integrated Systems Design: \$19.0 million
  - ❖ Management: \$17.6 million
  - ❖ Architectural: \$9.2 million
  - ❖ Computer Facilities Management: \$8.2 million
  - ❖ Other Services: \$27.4 million (See Exhibit 1 of the projected balance sheet for a complete list)



## Governor's FY 2005 General Fund Recommendations

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- ❖ **\$108.0 million from Cigarette Tax Increase** – The Governor is recommending increasing the cigarette tax by 60 cents per pack. Cigarettes are currently taxed at 36 cents per pack, which is estimated to generate \$84.1 million in General Fund revenue in FY 2005. The Governor estimates an increase of 60 cents per pack would generate an additional \$108.0 million in revenue to the General Fund in FY 2005.
- ❖ **\$25.0 million Combined Corporate Tax Reporting** – The Governor's proposal would require corporations to file combined reports for Iowa corporation income tax purposes. Under current law, corporations are allowed to file separate tax reports for each subsidiary.
- ❖ **\$5.0 million Reserve Fund Interest** – The Governor is recommending notwithstanding Section 8.57, Code of Iowa, so that the interest earned by the Cash Reserve and Economic Emergency Funds would be deposited into the General Fund. Under current law, the interest will be deposited into the Rebuild Iowa Infrastructure Fund (RIIF). If enacted, this will be the fourth consecutive year the Reserve Fund interest has been deposited into the General Fund.
- ❖ **Phase-Out of the Sales Tax on Residential Utilities** – The Governor is recommending the restoration of the residential utility sales tax phase-out. The net effect of two tax law changes and a Governor's item veto during the 2003 Session repealed the phase-out that was to be effective July 1, 2004. The repeal increased the FY 2005 General Fund revenue estimate by \$63.4 million. The Governor's recommendation would reinstate the phase-out and remove \$63.4 million from the FY 2005 revenue estimate.

### FY 2005 Recommendation – Appropriations

The Governor's FY 2005 General Fund budget recommendation proposes appropriations of \$4.771 billion. Significant changes include:

- ❖ **\$116.4 million for School Aid** – The Governor is recommending an increase of \$116.4 million for School Aid. This recommendation funds allowable growth at 2.0% (\$48.8 million), restores \$45.4 million associated with the FY 2004 2.5% across-the-board reduction, and replaces \$22.2 million associated with a 2.0% decrease in property tax valuations.
  - ❖ **\$57.9 million for Medicaid** – The Governor is recommending an increase of \$57.9 million for the Medical Assistance (Medicaid) Program. This includes \$32.7 million for 4.5% enrollment growth in the Program, \$15.2 million to replace funds transferred for the FY 2004 salary adjustment, and \$10.0 million to phase-down expenditures from the Senior Living Trust Fund.
-

## Governor's FY 2005 General Fund Recommendations

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- ❖ **\$30.0 million for the Board of Regents** – The funds are to be used for salaries and to add positions that have been eliminated through previous budget reductions.
  - ❖ **\$23.0 million for the Grow Iowa Values Fund** – The appropriation will supplement the funds appropriated to the Grow Iowa Values Fund during the 2003 Special Legislative Session.
  - ❖ **\$17.5 million for the Homestead Property Tax Credit** – The Governor is recommending an increase of \$17.5 million to fund a larger portion of the Homestead Property Tax Credit in FY 2005.
  - ❖ **\$10.0 million Teacher Professional Development** – The Governor is recommending \$10.0 million for grants to local school districts to fund professional development for teachers. The Waterloo Community School District would receive \$555,000 to implement the highest priority recommendations of the Achievement Gap Task Force. Other local districts would be required to reallocate administrative funds to professional development to qualify for the grants.
  - ❖ **\$10.0 million for Child and Family Services** – The Governor is recommending an increase of \$10.0 million for Child and Family Services to restore the FY 2004 General Fund reduction that was required by SF 453 (Government Reinvention Act).
  - ❖ **A net decrease of \$14.6 million to Agricultural Land and Family Farm Tax Credits** – The Governor is recommending elimination of the Agricultural Land Tax Credit and doubling the Family Farm Tax Credit. The Agricultural Land Tax Credit partially offsets the school taxes on agriculture real estate, and all such real estate is eligible for reimbursement. The Family Farm Tax Credit also offsets school taxes but is available only to persons actively engaged in farming property. The recommended change would lower the total State funds expended on reimbursement but would concentrate those dollars on landowners actually farming the benefited property. The current standing appropriation amount for the Family Farm Credit is \$10.0 million. The Governor is recommending a level of \$20.0 million.
  - ❖ **A decrease of \$29.8 million for the Endowment for Iowa's Health Account** – The Governor is recommending the deappropriation of \$29.8 million earmarked for the Endowment for Iowa's Health Account. These funds were appropriated during the 2001 Legislative Session in SF 533 (Tobacco Settlement Trust Fund Act). That Act made General Fund appropriations in varying amounts to the Endowment over a six-year period, which began in FY 2002 and is to end in FY 2007. If enacted, FY 2005 will be the third consecutive year that the appropriations have been deappropriated.
  - ❖ The Governor's FY 2005 budget recommendation does not include funding for salary increases or annualization. The estimated cost to fully fund State employee salary increases is \$69.4 million for FY 2005.
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## Governor's FY 2005 General Fund Recommendations

The Governor's FY 2004 proposed expenditures are \$300,000 lower than the 99.0% expenditure limitation. The Governor's projected ending balance for FY 2005 is \$74.8 million.

**Table 1** lists the Executive Branch General Fund increases of \$2.0 million or more recommended by the Governor for FY 2005.

**Table 1**  
**Governor's Major Executive Branch General Fund Increases and Decreases**  
(Dollars in Millions)

| Department       | Appropriation                             | Est.<br>FY 04            | Gov. Rec.<br>FY 05       | Diff. Gov.<br>v. FY 04 | %<br>Change   |
|------------------|---|--------------------------|--------------------------|------------------------|---------------|
| Education        | School Aid                                | \$ 1,772.2               | \$ 1,888.6               | \$ 116.4               | 6.6%          |
| Human Services   | Medical Assistance                        | 348.7                    | 391.4                    | 42.7                   | 12.2%         |
| Economic Dev.    | Grow Iowa Values Appropriation            | 0.0                      | 23.0                     | 23.0                   |               |
| Revenue          | Homestead Tax Credit                      | 102.9                    | 120.4                    | 17.5                   | 17.0%         |
| Board of Regents | U of I General University                 | 219.9                    | 233.6                    | 13.6                   | 6.2%          |
| Board of Regents | ISU General University                    | 173.2                    | 183.9                    | 10.7                   | 6.2%          |
| Education        | Professional Development Grants           | 0.0                      | 10.0                     | 10.0                   |               |
| Human Services   | Child and Family Services                 | 97.1                     | 107.1                    | 10.0                   | 10.3%         |
| Human Services   | MH/DD Health Redesign                     | 0.0                      | 5.0                      | 5.0                    |               |
| Board of Regents | UNI General University                    | 77.8                     | 82.6                     | 4.8                    | 6.2%          |
| Judicial Branch  | Judicial Branch Operations                | 116.2                    | 120.9                    | 4.7                    | 4.0%          |
| Human Services   | MH/DD Growth Factor                       | 19.1                     | 23.7                     | 4.7                    | 24.5%         |
| Education        | Student Achievement                       | 43.1                     | 47.4                     | 4.3                    | 9.9%          |
| Revenue          | Elderly & Disabled Tax Credit             | 16.2                     | 19.5                     | 3.3                    | 20.4%         |
| Human Services   | Glenwood Resource Center                  | 6.1                      | 9.2                      | 3.2                    | 52.1%         |
| Education        | Comm. Colleges - General Aid              | 135.8                    | 138.9                    | 3.1                    | 2.3%          |
| Public Safety    | Iowa State Patrol                         | 38.1                     | 41.2                     | 3.1                    | 8.0%          |
| Management       | Federal Over Recovery                     | 0.0                      | 3.0                      | 3.0                    |               |
| Judicial Branch  | Judicial Retirement                       | 2.0                      | 5.0                      | 2.9                    | 144.1%        |
| Human Services   | Family Investment Program                 | 36.2                     | 38.7                     | 2.5                    | 7.0%          |
| Corrections      | Clarinda Institution                      | 20.3                     | 22.5                     | 2.2                    | 11.1%         |
| Management       | Appeal Board                              | 4.4                      | 6.4                      | 2.0                    | 45.6%         |
|                  | <i>Total Increases &gt; \$2.0 million</i> | <u>\$ 3,229.3</u>        | <u>\$ 3,522.0</u>        | <u>\$ 292.7</u>        | <u>9.1%</u>   |
| Management       | Reinvent Government                       | \$ 6.2                   | \$ 0.0                   | \$ -6.2                | -100.0%       |
| Transportation   | Public Transit Assistance                 | 8.3                      | 0.0                      | -8.3                   | -100.0%       |
| Revenue          | Franchise Tax Reimbursement               | 8.6                      | 0.0                      | -8.6                   | -100.0%       |
| Revenue          | Machinery & Equipment Tax Credit          | 11.0                     | 0.0                      | -11.0                  | -100.0%       |
| Revenue          | Ag Land Tax Credit                        | 34.6                     | 20.0                     | -14.6                  | -42.2%        |
|                  | <i>Total Decreases &gt; \$2.0 Million</i> | <u>\$ 68.6</u>           | <u>\$ 20.0</u>           | <u>\$ -48.6</u>        | <u>-70.9%</u> |
|                  | Total Other Changes                       | 1,193.1                  | 1,229.0                  | 35.9                   | 3.0%          |
|                  | <b>Grand Total</b>                        | <u><u>\$ 4,491.1</u></u> | <u><u>\$ 4,771.1</u></u> | <u><u>\$ 280.0</u></u> | <u>6.2%</u>   |

## Governor's FY 2005 General Fund Recommendations

The Governor's FY 2005 General Fund recommendations are listed in **Table 2** by Appropriations Subcommittee. Details of the recommendations are included in the FY 2005 Budgets and Subcommittee Issues Section of this document, and a tracking document of all the Governor's appropriations recommendations is provided in Appendix A.

**Table 2**  
**Governor's FY 2005 General Fund Recommendations**

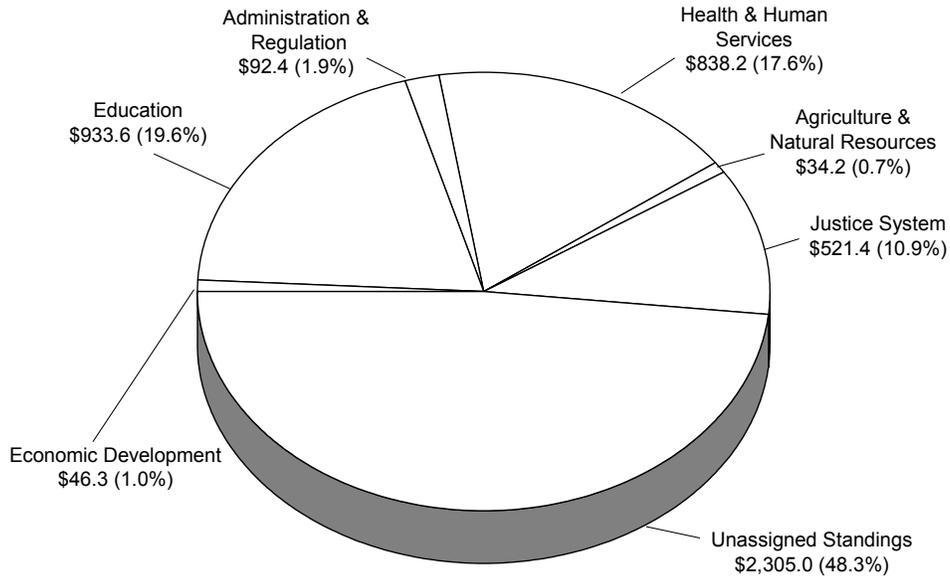
(Dollars in Millions)

| Subcommittee                      | Est. Net<br>FY 2004 | Gov. Rec.<br>FY 2005 | FY 2005 vs.<br>FY 2004 | Percent<br>Change |
|-----------------------------------|---------------------|----------------------|------------------------|-------------------|
| Administration & Regulation       | \$ 94.4             | \$ 92.4              | \$ -2.0                | -2.0%             |
| Agriculture & Natural Resources   | 34.2                | 34.2                 | 0.0                    | 0.0%              |
| Economic Development              | 22.5                | 46.3                 | 23.8                   | 105.6%            |
| Education                         | 880.4               | 933.6                | 53.2                   | 6.0%              |
| Health & Human Services           | 750.5               | 838.2                | 87.7                   | 11.7%             |
| Justice System                    | 503.1               | 521.4                | 18.3                   | 3.6%              |
| Trans, Infrastructure, & Capitals | -0.1                | 0.0                  | 0.1                    | -100.0%           |
| Unassigned Standings              | 2,206.2             | 2,305.0              | 98.8                   | 4.5%              |
| TOTAL                             | <u>\$ 4,491.1</u>   | <u>\$ 4,771.1</u>    | <u>\$ 280.0</u>        | <u>6.2%</u>       |

The sum of the numbers may not equal totals due to rounding.

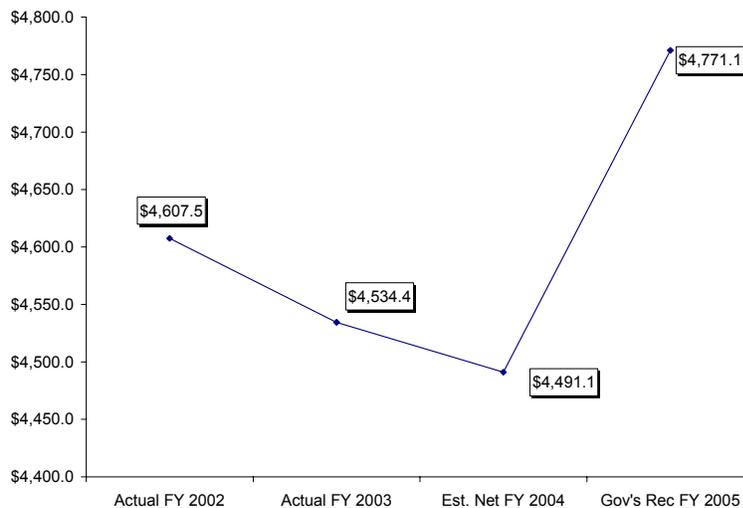
# FY 2005 GENERAL FUND GOVERNOR'S RECOMMENDATIONS

**Total FY 2005 Recommendations: \$4,771.1 million**  
(Dollars in Millions)



## FY 2002 - FY 2004 Appropriations and FY 2005 Governor's Recommendations

(Dollars in Millions)



Note: The figures on this chart do not reflect the General Fund-related expenses that have been transferred to non-General Fund sources for FY 2002 through FY 2004. The FY 2004 figure reflects the 2.5% across-the-board reduction.

## FY 2004 ACROSS-THE-BOARD REDUCTION

On October 10, the Governor ordered an across-the-board reduction of 2.5% to the FY 2004 General Fund appropriations as a result of a revised revenue projection made by the October Revenue Estimating Conference (REC). The REC lowered the FY 2004 estimate by \$142.2 million (3.1%). The revised estimate resulted in a projected shortfall of \$63.0 million to the General Fund.

The 2.5% across-the-board reduction will reduce appropriations by a total of \$83.2 million. The across-the-board reduction does not apply to charter agencies or the Judicial and Legislative branches of government. However, the General Assembly leadership has imposed a 2.5% reduction on the Legislative Branch, which is included in the \$83.2 million.



Of the \$83.2 million reduction, \$74.2 million (89.2%) will come from the following appropriations:

- ▶ Education Standings: \$48.5 million (58.3%)
  - ◆ School Foundation Aid: \$45.4 million (54.7%)
  - ◆ Other Education Standings: \$3.1 million (3.6%)
- ▶ Board of Regents: \$15.5 million (18.6%)
- ▶ Department of Education: \$5.7 million (6.9%)
- ▶ Property tax replacement funding: \$4.5 million (5.4%).



The following table summarizes the across-the-board reduction by state agency:

## FY 2004 Across-the-Board Reduction

### FY 2004 Across-the Board Reduction

| <b>State Agency</b>                    | <b>Estimated<br/>FY 2004</b> | <b>2.5% ATB Cut<br/>FY 2004</b> | <b>Estimated Net<br/>FY 2004</b> | <b>Percent of<br/>Total Reduction</b> |
|--|------------------------------|---------------------------------|----------------------------------|---------------------------------------|
| Education Standings                    | \$ 1,938,692,009             | \$ -48,467,300                  | \$ 1,890,224,709                 | 58.3%                                 |
| Regents, Board of                      | 620,018,286                  | -15,497,873                     | 604,520,413                      | 18.6%                                 |
| Education, Department of               | 226,415,440                  | -5,708,142                      | 220,707,298                      | 6.9%                                  |
| Revenue, Property Tax Standings        | 182,361,615                  | -4,494,857                      | 177,866,758                      | 5.4%                                  |
| Public Safety, Department of           | 63,546,226                   | -1,566,634                      | 61,979,592                       | 1.9%                                  |
| College Aid Commission                 | 52,834,457                   | -1,299,521                      | 51,534,936                       | 1.6%                                  |
| Inspections & Appeals, Dept of         | 48,809,335                   | -1,207,761                      | 47,601,574                       | 1.5%                                  |
| Legislative Branch                     | 24,988,609                   | -624,715 *                      | 24,363,894                       | 0.8%                                  |
| Health, Department of Public           | 24,516,726                   | -610,118                        | 23,906,608                       | 0.7%                                  |
| Administrative Services, Dept. of      | 21,778,853                   | -536,235                        | 21,242,618                       | 0.6%                                  |
| Commerce, Department of                | 19,805,216                   | -485,093                        | 19,320,123                       | 0.6%                                  |
| Ag. & Land Stewardship                 | 18,030,656                   | -442,283                        | 17,588,373                       | 0.5%                                  |
| Management, Department of              | 15,707,189                   | -390,832                        | 15,316,357                       | 0.5%                                  |
| Economic Development, Dept. of         | 14,106,654                   | -366,311                        | 13,740,343                       | 0.4%                                  |
| Transportation, Department of          | 8,479,134                    | -312,729                        | 8,166,405                        | 0.4%                                  |
| Justice, Department of                 | 10,629,734                   | -260,627                        | 10,369,107                       | 0.3%                                  |
| Public Defense, Department of          | 6,797,236                    | -168,054                        | 6,629,182                        | 0.2%                                  |
| Iowa Workforce Development             | 5,015,644                    | -128,665                        | 4,886,979                        | 0.2%                                  |
| Cultural Affairs, Dept. of             | 5,187,861                    | -121,476                        | 5,066,385                        | 0.1%                                  |
| Elder Affairs, Department of           | 2,699,770                    | -67,102                         | 2,632,668                        | 0.1%                                  |
| Secretary of State                     | 2,344,684                    | -65,146                         | 2,279,538                        | 0.1%                                  |
| Governor                               | 2,007,005                    | -47,671                         | 1,959,334                        | 0.1%                                  |
| Human Rights, Department of            | 1,875,653                    | -45,552                         | 1,830,101                        | 0.1%                                  |
| Executive Council                      | 1,650,000                    | -41,250                         | 1,608,750                        | 0.0%                                  |
| Blind, Iowa Commission for the         | 1,580,798                    | -38,891                         | 1,541,907                        | 0.0%                                  |
| Auditor of State                       | 1,173,968                    | -29,213                         | 1,144,755                        | 0.0%                                  |
| Law Enforcement Academy                | 1,093,847                    | -26,957                         | 1,066,890                        | 0.0%                                  |
| Parole, Board of                       | 1,043,768                    | -25,858                         | 1,017,910                        | 0.0%                                  |
| Public Employment Relations Board      | 918,296                      | -22,544                         | 895,752                          | 0.0%                                  |
| Civil Rights Commission                | 846,582                      | -20,830                         | 825,752                          | 0.0%                                  |
| Treasurer of State                     | 820,762                      | -20,198                         | 800,564                          | 0.0%                                  |
| IA Telecommun & Technology Commission  | 500,000                      | -12,500                         | 487,500                          | 0.0%                                  |
| Ethics and Campaign Disclosure         | 421,661                      | -10,365                         | 411,296                          | 0.0%                                  |
| Veterans Affairs, Comm. Of             | 301,395                      | -7,424                          | 293,971                          | 0.0%                                  |
| Gov. Office of Drug Control Policy     | 260,859                      | -6,473                          | 254,386                          | 0.0%                                  |
| Revenue, Collection Costs and Fees     | 28,166                       | -704                            | 27,462                           | 0.0%                                  |
| Judicial Branch                        | 119,877,526                  | 0                               | 119,877,526                      | 0.0%                                  |
| <b>Total</b>                           | <b>\$ 3,447,165,620</b>      | <b>\$ -83,177,904</b>           | <b>\$ 3,363,987,716</b>          | <b>100.0%</b>                         |
| <b>Charter Agencies</b>                |                              |                                 |                                  |                                       |
| Human Services, Department of          | \$ 802,444,035               | \$ 0                            | \$ 802,444,035                   |                                       |
| Corrections, Department of             | 265,317,449                  | 0                               | 265,317,449                      |                                       |
| Revenue, Department of                 | 24,506,391                   | 0                               | 24,506,391                       |                                       |
| Natural Resources, Department of       | 16,619,282                   | 0                               | 16,619,282                       |                                       |
| Veterans Home                          | 16,351,559                   | 0                               | 16,351,559                       |                                       |
| Commerce, Alcoholic Beverages Division | 1,876,497                    | 0                               | 1,876,497                        |                                       |
| <b>Total</b>                           | <b>\$ 1,127,115,213</b>      | <b>\$ 0</b>                     | <b>\$ 1,127,115,213</b>          |                                       |
| <b>Grand Total</b>                     | <b>\$ 4,574,280,833</b>      | <b>\$ -83,177,904</b>           | <b>\$ 4,491,102,929</b>          |                                       |

\* The Legislature ordered a self-imposed 2.5% reduction on the FY 2004 budget.

**FY 2004 Charter Agency Appropriation Transfer**

The Governor required six of the departments designated as Charter Agencies to transfer a total of \$1.5 million to the Department of Public Safety (DPS) for replacement of the 2.5% across-the-board reduction. The legislation creating the Charter Agencies exempted the designated agencies from across-the-board reductions. The Department of Management indicated that the funds were available from a decrease in the amount of estimated cost increases for employee insurance costs. The following table shows the funds transferred from the Charter Agencies to the Department of Public Safety.

**Appropriations Transfer**

| <b><u>Charter Agencies</u></b>     | <b><u>FY 2004</u></b> |
|------------------------------------|-----------------------|
| Commerce/Alcoholic Beverages       | \$ 3,225              |
| Corrections                        | 688,361               |
| Human Services                     | 590,914               |
| Natural Resources                  | 37,933                |
| Revenue                            | 52,061                |
| Iowa Veterans Home                 | 149,525               |
| Total Transferred to Public Safety | <u>\$ 1,522,019</u>   |

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## Estimated General Fund Expenditure Increases and Decreases

# ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

A **built-in increase or decrease** is a standing appropriation as required by the Code of Iowa, an entitlement program, or a prior appropriation for a future fiscal year that increases or decreases compared to the prior year. Built-in increases or decreases may be changed by enacted legislation. An **anticipated increase or decrease** is based on prior obligation or action and requires legislative action. A **built-in change in revenue** for FY 2004 will be addressed by the Revenue Estimating Conference (REC) at the December meeting.

For FY 2005, the Legislative Services Agency (LSA) is currently projecting \$278.5 million in built-in and anticipated increases and decreases. The FY 2005 projection includes \$205.3 million in General Fund built-in increases and decreases and \$73.2 million in anticipated increases and decreases. The following tables summarize the projected built-in and anticipated changes.



**Table 1**  
**Projected FY 2005 Incremental Built-in General Fund Expenditures**

(Dollars in Millions)

| <b><u>Statutory Built-in Expenditures</u></b>              |                 |
|--|-----------------|
| K-12 School Foundation Aid (FY 2005 Allowable Growth)      | \$ 115.9        |
| Education - Instructional Support Standing Appropriation   | 0.4             |
| Education - College Student Aid Work Study Program         | 2.8             |
| Machinery & Equipment Property Tax Replacement Fund        | -11.0           |
| Homestead Tax Credit                                       | 17.5            |
| Agricultural Land Tax Credit                               | 4.5             |
| Elderly and Disabled Credit                                | 3.3             |
| Franchise Reimbursement Tax                                | -8.6            |
| Livestock Producer Tax Credit                              | 0.2             |
| Human Services - Medical Assistance                        | 75.0            |
| Human Services - State Children's Health Insurance Program | 2.1             |
| Human Services - Mental Health Growth Factor               | 4.7             |
| Education - Early Intervention Block Grant                 | -29.3           |
| Educational Excellence                                     | 1.4             |
| Child Development - At-Risk Early Childhood Education      | 1.3             |
| Nonpublic School Transportation                            | 0.2             |
| School-to-Career Program                                   | 0.5             |
| State Appeal Board Claims                                  | 2.9             |
| Public Transit Assistance                                  | -8.3            |
| Appropriation to Endowment for Healthy Iowans              | 29.8            |
| <b>Total Built-in Increases and Decreases</b>              | <b>\$ 205.3</b> |

## Estimated General Fund Expenditures Increases and Decreases

**Table 2**  
**Projected FY 2005 Incremental Anticipated General Fund Expenditures**  
(Dollars in Millions)

| <b><u>Anticipated Expenditure Increases and Decreases</u></b>        |                 |
|--|-----------------|
| FY 2005 Collective Bargaining Salary Package                         | \$ 69.4         |
| Education - Teacher Quality/Student Achievement Act                  | 1.2             |
| Corrections - Clarinda Lodge Operating Costs                         | 2.4             |
| Corrections - Fourth Comm. Based Correction District Annualized Cost | 0.2             |
| Inspections and Appeals - Indigent Defense & Public Defender         | 1.2             |
| Judicial Branch - Retirement Fund Contribution                       | 2.9             |
| Judicial Branch - Building Operating Costs                           | 0.5             |
| Public Safety - State Patrol   | 1.2             |
| Regents - Tuition Replacement  | -0.3            |
| Management - PSG Contract  | -6.3            |
| Human Services - Woodward and Glenwood State Resource Centers        | 3.5             |
| Human Services - Sexual Predators Civil Commitment and Treatment     | 0.9             |
| Child Welfare Technology   | -1.2            |
| Child Welfare Loan Fund  | -1.0            |
| Charter Agency Loan Fund   | -1.4            |
| <b>Total Anticipated Increases and Decreases</b>                     | <b>\$ 73.2</b>  |
| <b>Total Projected Expenditures</b>                                  | <b>\$ 278.5</b> |

**Appendix B** describes the General Fund built-in and anticipated expenditure increases and decreases in detail by providing:

- ▶ Type of appropriation:
  - ◆ Standing unlimited appropriation.
  - ◆ Standing limited appropriation.
  - ◆ Regular appropriation.
- ▶ Description of the program or budget unit.
- ▶ Factors resulting in the increases or decreases.
- ▶ Dollar amount of the increase under current law as projected by the LSA.
- ▶ Options to eliminate or reduce the built-in increase.
- ▶ Estimated potential General Fund savings from the options identified that will eliminate or reduce the built-in increase.

## ECONOMIC CONDITIONS AND GENERAL FUND REVENUE

### National Economy

**National Recession** – There are several national economic groups that classify U.S. economic periods as either expansion or recession. The official federal government source is the Business Cycle Dating Committee of the National Bureau of Economic Research. On November 26, 2001, this Committee announced the longest business expansion in the nation's history had ended during March of 2001, ten years after the end of the previous recession. On July 16, 2003, the Committee announced the recession had ended during November 2001, eight months after it began. The Committee notes that the average recession in the post-World War II era has lasted eleven months.



The Committee defines a recession as a period of significant decline in total output, income, employment, and trade, usually lasting six months to one year, and marked by a widespread contraction in many sectors of the economy. The Committee does not define a recession as simply two consecutive quarters of decline in real Gross Domestic Product.

According to the Committee, “A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough. Between trough and peak, the economy is in an expansion. Expansion is the normal state of the economy; most recessions are brief and have been rare in recent decades.” A recession involves a substantial decline in output and employment. In the past six recessions, industrial production decreased by an average of 4.6% and employment by 1.1%. The Committee waits until the data show whether or not a decline is large enough to qualify as a recession, before declaring a turning point in the economy is a true peak marking the onset of a recession.

**Institute for Supply Management Index** – The Institute for Supply Management (formerly the National Association of Purchasing Management) has conducted a monthly survey of business purchasing officers since 1948. The survey's results produce a Purchasing Manager's Index (PMI). The PMI is a composite index based on the seasonally adjusted diffusion indexes for five of the indicators (New Orders, Production, Supplier Deliveries, Inventories, and Employment) with varying weights. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI reading above 50.0% indicates the manufacturing economy is generally expanding; below 50.0%, indicates it is generally declining. A PMI over 42.7%, over a period of time, indicates the overall economy, or Gross Domestic Product (GDP), is generally expanding. A PMI below that level indicates the economy is generally declining.

In February 2002, an index above 50.0 was recorded for the first time in 18 months. For the next 18 months, the Index hovered near 50.0, averaging 51.4 during that time.

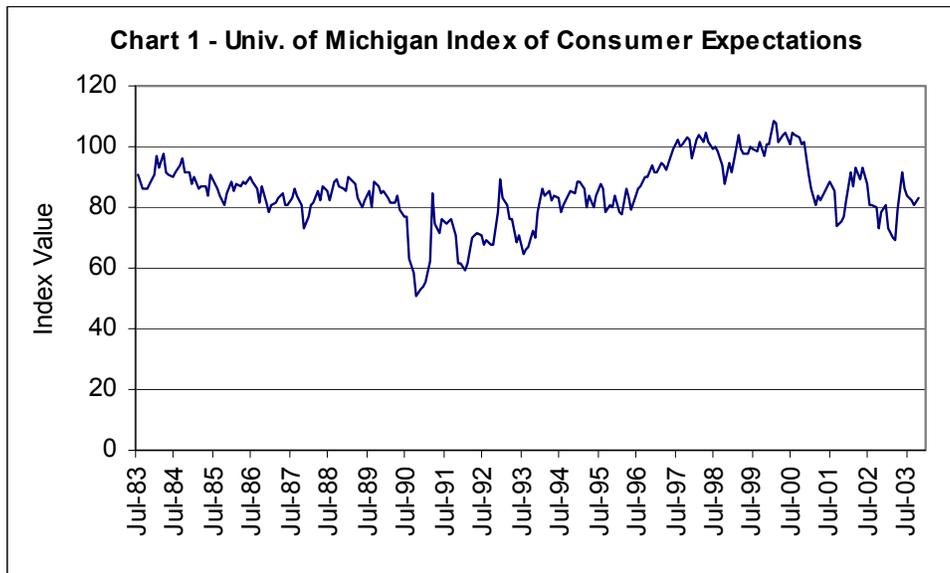
## Economic Conditions and General Fund Revenue

Since July 2003 the Index has averaged 57.7 and it stands at 66.2 for December. The recent numbers for the U.S. economy are encouraging. An historical graph of the Index is included in the Iowa economy section

**Consumer Confidence** – Each month, researchers at the University of Michigan conduct a Survey of Consumers to determine the views and expectation of consumers concerning their sentiment for the present and future direction of the U.S. economy. The survey result is called the Index of Consumer Expectations. The Index focuses on three areas:

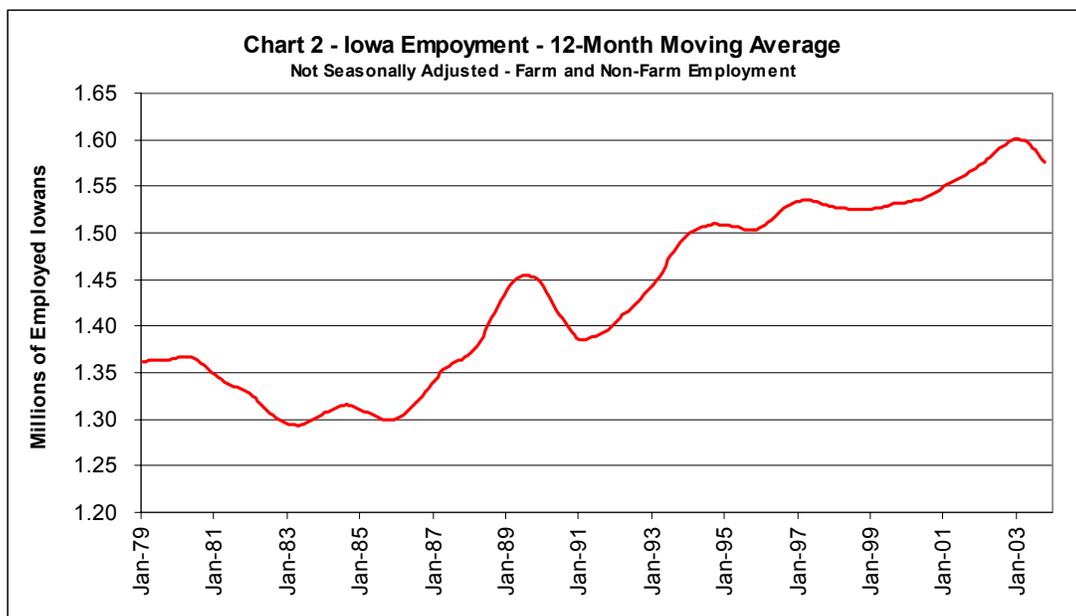
- How consumers view prospects for their own financial situation.
- How consumers view prospects for the general economy for the near term.
- How consumers view prospects for the general economy over the long term.

**Chart 1** shows consumer confidence as reported by the Index reached a peak in February 2000 and the Index has been generally decreasing since that time. For December 2003 the value was 88.1, the highest level in seven months but noticeably lower than the recent high (May 2003). **Chart 1** shows the value of the Index from 1983 to present.



### Iowa Economy

**Iowa Employment** – After recovering in the mid 1980s from the lingering effects of the farm crisis and the recession of the early 1990's, Iowa total employment increased each year until Iowa had one of the lowest unemployment rates in the nation. According to current Bureau of Labor Statistics (BLS) data, Iowa's unadjusted employment level peaked at 1,625,000 in July 2002, an increase of 264,000 from the early 1990s recession low (February 1990). Since the July 2002 peak, BLS statistics show Iowa has lost 60,000 jobs. **Chart 2** shows the growth period of the 1990's and the recent downturn as a twelve-month moving average. It should be noted however, that BLS employment statistics are subject to large revision to historic data. A significant revision to 2002 and 2003 data could noticeably change the shape of this graph.

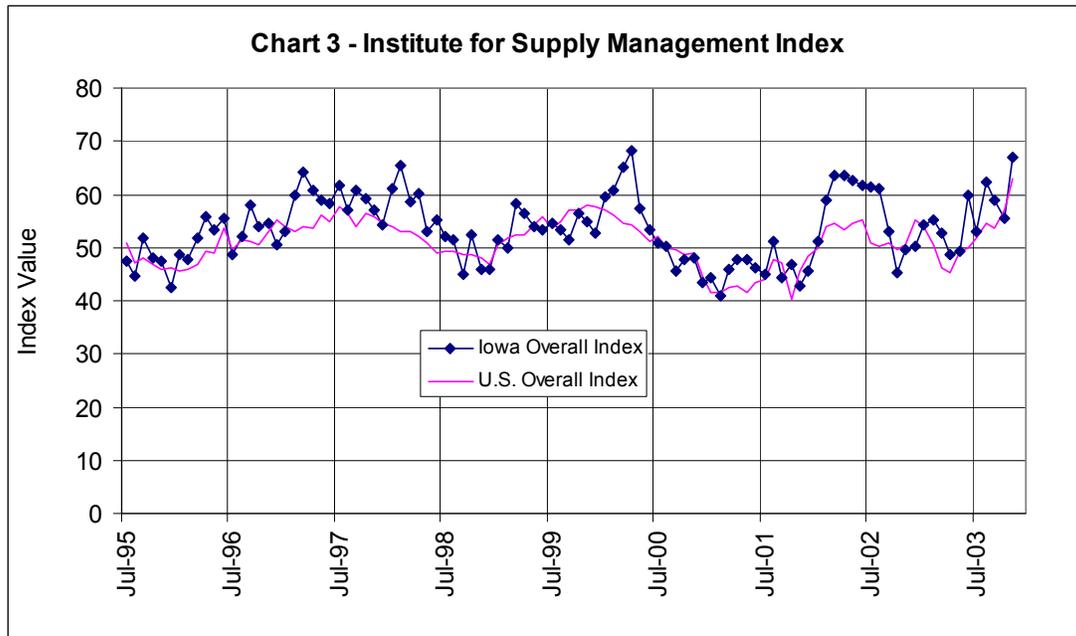


**Iowa Purchasing Managers' Index** – Creighton University produces a monthly index based on a survey of purchasing managers for businesses within the Mid-American region of the country. The Creighton survey produces index values for the region and for each state in the region. The survey methodology is the same as the national survey completed by the Institute for Supply Management. **Chart 3** shows the Iowa index value and the national value graphed together. The **Chart** shows:

- The trend of the Iowa index is very similar to the trend of the national index.
- The Iowa index was above the national index for a majority of the months in the 1990s. However, this could be a result of different researchers completing the two surveys.

## Economic Conditions and General Fund Revenue

- ▶ The Iowa and national Index values reached recent lows in April 2003, and posted gains over the next eight months.
- ▶ As of December 2003, the Iowa and national index values each indicate an expanding manufacturing economy.



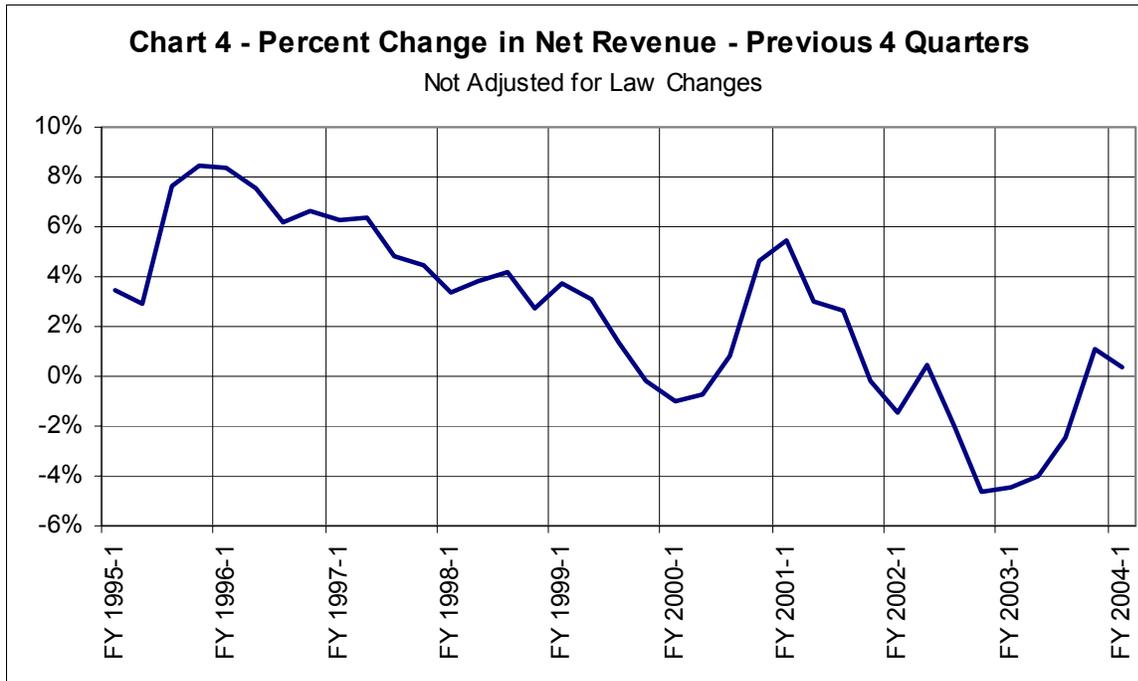
### Iowa General Fund Revenues

Iowa's income, sales, use, and corporate taxes raise approximately 86.4% of the revenue deposited to the State General Fund each year (FY 2003 data - gross cash basis, excluding transfers). The amount of revenue generated by each of these funding sources depends on the level of economic activity in the State (employment, consumer expenditures, business and government expenditures) during a fiscal year. Assuming other tax factors are equal (tax base and tax rates), a growing economy will produce more tax revenues than a stagnant one. The previous paragraphs on the recent condition of the national and Iowa economy show both have been in a downturn since the fall of 2000, with an official U.S. recession starting in March 2001 and ending in November of the same year. **Chart 4** shows annual net revenue growth calculated on a moving quarterly basis. The numbers do not include transfers, but are net of tax refunds. Most evident in the graph is the abrupt downturn starting with the second quarter of FY 2001, when receipt growth fell from a positive value of 5.5% in the first quarter of FY 2001 to a value of negative 4.7% by the end of the fourth quarter of FY 2002. The next five fiscal quarters have shown receipt growth well below the average for the 1990's.

Tax reductions and revenue adjustments enacted by the General Assembly have played a significant role in reducing the rate of General Fund net revenue growth;

## Economic Conditions and General Fund Revenue

economic factors have also contributed to the reduction in revenue growth. While the 26 quarters prior to the early FY 2001 peak averaged 4.2% growth, the 12 quarters since that time have averaged negative 1.0%. Had receipt growth averaged 3.5% over those 12 quarters, net revenues for FY 2003 would have totaled \$5,087.0 million, \$686.2 million more than actual (see Chart 5).

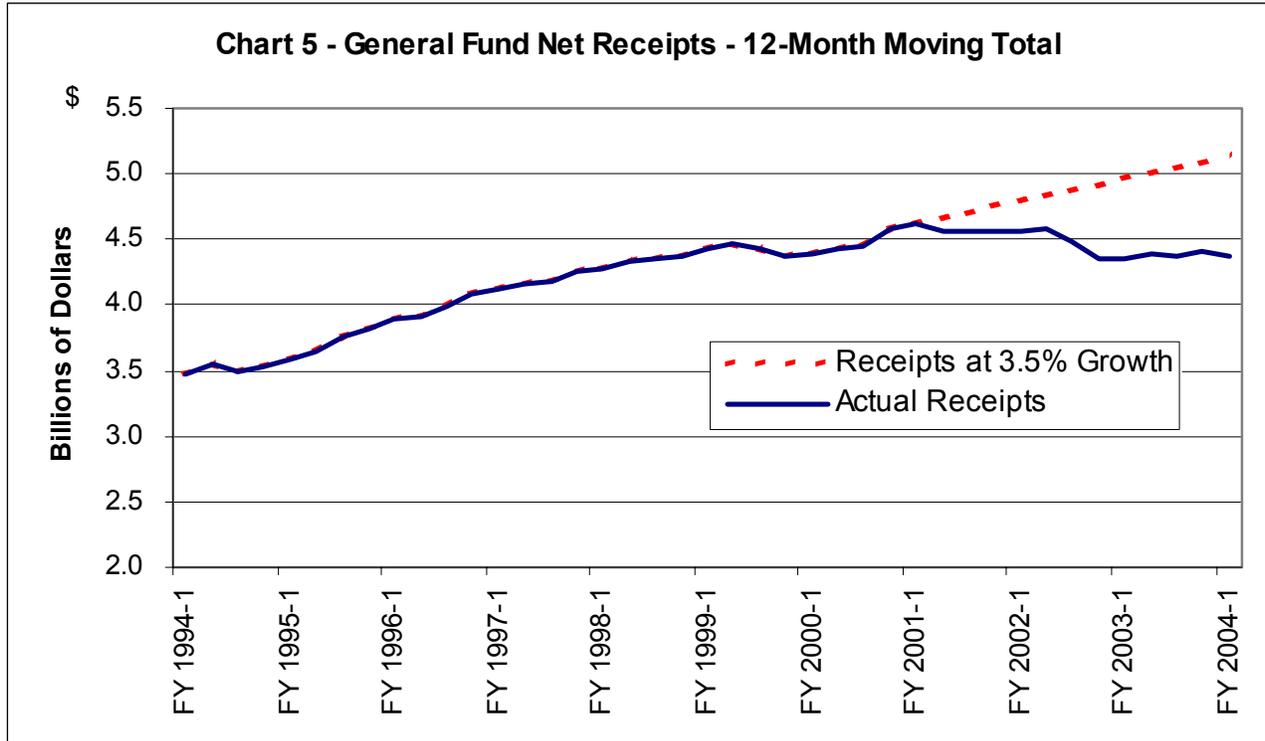


In December 2003, the Revenue Estimating Conference established an FY 2004 net General Fund revenue growth rate (excluding transfers and not adjusted for accrued revenue) of 1.2% (after transfers and accrued revenue adjustments estimated growth is 0.0%).

For FY 2005, the Conference estimates growth will be positive 1.6% (1.5% after transfer and accrual adjustments).

Both estimates are below the historic trends of the second half of the 1990s but above the average negative growth shown in the previous three years.

## Economic Conditions and General Fund Revenue

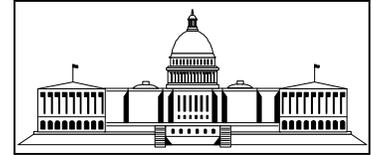


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## TAX AND REVENUE ISSUES

### Federal Legislation

The U.S. Congress enacted tax law changes as economic stimulus packages in 2001, 2002, and 2003 that provided immediate income tax refunds, reduced income tax rates, and phased-out federal taxation of estates. Federal legislation has also increased the depreciation schedule for business investment. The Iowa Department of Revenue provided a provision-by-provision analysis of the Iowa tax revenue impact of the legislation and copies are available from the Legislative Services Agency.



A significant provision of recent federal legislation phased in a repeal of the federal tax on estates. Under federal estate tax law, taxpayers receive a dollar-for-dollar credit against their federal estate tax liability for state estate and inheritance tax payments up to a specified amount. The maximum credit varies by the size of the estate. This credit is commonly called a “pick up tax.” Prior to the phase-out, Iowa collected approximately \$105.0 million in inheritance tax each year. Of this amount, \$30.0 to \$35.0 million is the result of Iowa’s pick up tax. As the federal estate tax is eliminated, Iowa’s collections from the pick up tax will also be eliminated. The Department of Revenue and Finance estimates the phased-in repeal of the estate tax will reduce Iowa tax revenues by a total of \$358.9 million over 10 years.

Federal economic stimulus legislation enacted in March 2002, allows businesses to deduct additional depreciation for qualified expenditures. This additional amount is typically referred to as “bonus” depreciation. Iowa and many other States did not couple with the federal change. In these States, the expenditures are being depreciated at a slower rate than for federal taxation. If Iowa were to adopt the federal depreciation schedule in the future, there would be a negative impact on the General Fund.

Federal legislation has also reduced income tax brackets, income tax rebates, and the taxation of dividends. As Iowa allows taxpayers to deduct federal taxes paid from Iowa taxable income, federal actions that reduce the federal tax liability of Iowans have the indirect effect of raising the taxpayer’s Iowa income taxes.

### Streamlined Sales Tax Project

Representatives of government and industry are examining ways to simplify sales and use tax administration. Iowa, along with 38 other states, is an implementing member of the Streamlined Sales Tax Project (SSTP). The goal of the Project is to develop measures to design, test, and implement a sales and use tax system that radically simplifies sales and use taxes.

## Tax and Revenue Issues

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The Project released a final Streamlined Sales and Use Tax Agreement on November 12, 2002. The document is available at the organization's web site at [www.streamlinedsalestax.org](http://www.streamlinedsalestax.org).

The model legislation is designed to simplify and modernize sales and use tax administration in member states in order to substantially reduce the burden of tax compliance. Participation by states is voluntary, but participating States must comply with the Agreement. Iowa and 19 other states have adopted the model legislation in some form. Iowa's legislation is effective July 1, 2004.

The Department of Revenue projects that voluntary participation from remote sellers will generate additional sales and use tax revenues for states that have adopted SSTP legislation. The Department projects FY 2005 revenue will be \$15.0 million and in FY 2006, \$71.3 million in new revenue will be available. The Revenue Estimating Conference included \$15.0 million in new revenue as part of the FY 2005 projection. If SSTP implementation is delayed beyond July 1, 2004, the Conference may need to lower projections for FY 2005 by as much as \$15.0 million.

### Phase-out of State Sales Tax on Residential Home Energy

House File 1, enacted by the 2001 General Assembly, created a five-year phase-out of the Iowa sales tax on residential household gas and electricity usage. The phase-out reduced Iowa's 5.0% sales tax to 4.0% on January 1, 2002, with additional 1.0% reductions each January 1st until the tax is eliminated on January 1, 2006. The phase-out was projected to reduce sales tax revenues by:

- FY 2002 – \$ 8.8 million (Jan. 1, 2002, tax reduced to 4.0%)
- FY 2003 – \$26.5 million (Jan. 1, 2003, tax reduced to 3.0%)
- FY 2004 – \$44.2 million (Jan. 1, 2004, tax reduced to 2.0%)
- FY 2005 – \$61.9 million (Jan. 1, 2005, tax reduced to 1.0%)
- FY 2006 – \$79.6 million (January 1, 2006, tax reduced to 0.0%)
- FY 2007 – \$88.5 million (tax rate equals 0.0% for entire fiscal year)

Through the combination of two tax law changes and a Governor's item veto of 2003 Session legislation, the utility tax phase-out is rescinded effective July 1, 2004 at the tax rate returns to 5.0%. *The Governor is recommending reinstatement of the phase-out.*

### FY 2004 Governor's Revenue Recommendation

- ❖ **\$36.0 million Cigarette Tax Increase** – The Governor is recommending an increase to the cigarette tax of 60 cents per pack. The Governor's budget assumes
-

the tax increase will be enacted by March 1, 2004, and will increase revenues by an estimated \$36.0 million for FY 2004.

### FY 2004 Tax and Revenue Anticipation Notes

- ❖ In December 2003, the Treasurer of State issued \$575.0 million in Tax and Revenue Anticipation Notes (TRANs) in order to address the differences in timing between expenditure requirements and tax revenue receipts. The TRANs are being issued at a net interest rate that is lower than the rate that can be earned on unspent proceeds. It is estimated that the State will have a net gain of \$2.0 million in interest earnings, which will benefit the General Fund. This estimated net gain is included in the Revenue Estimating Conference's General Fund revenue estimate.

### FY 2005 Governor's Revenue Recommendations

The Governor's FY 2005 General Fund budget recommendation proposes revenue adjustments resulting in a net revenue increase of \$283.1 million. The revenue changes include:

- ❖ **\$208.3 million Sales Tax Expansion** – The Governor is recommending expanding the sales tax base to include the taxation of certain additional services. The Governor's estimates are based on U.S. Department of Commerce estimates of the dollar value of each service in the Iowa economy. The proposed services include:
    - ❖ Engineering: \$33.3 million
    - ❖ Accounting/Auditing: \$29.5 million
    - ❖ Public Relations: \$23.8 million
    - ❖ Computer Programming: \$20.7 million
    - ❖ Consulting: \$19.6 million
    - ❖ Computer Integrated Systems Design: \$19.0 million
    - ❖ Management: \$17.6 million
    - ❖ Architectural: \$9.2 million
    - ❖ Computer Facilities Management: \$8.2 million
    - ❖ Services Allied to Motion Pictures: \$6.8 million
    - ❖ Information Retrieval: \$4.3 million
    - ❖ Adjustment and Collections: \$3.5 million
    - ❖ Surveying: \$3.4 million
    - ❖ Computer Rental & Leasing: \$3.1 million
    - ❖ Business Consulting: \$2.6 million
    - ❖ Credit Reporting: \$2.5 million
    - ❖ Tax Return Preparation: \$1.2 million
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## Tax and Revenue Issues

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- ❖ **Sales Tax Rate Reduction** – The Governor is recommending a reduction in the statewide sales tax rate of 15.0%, phased in over four years, beginning July 1, 2006. After a 15.0% reduction, Iowa's current 5.0% rate would be 4.25%. Further details concerning this proposal are not available at this time.
- ❖ **\$108.0 million Cigarette Tax Increase** – The Governor's proposal would increase the cigarette tax by 60 cents per pack effective in FY 2004. Under current law, cigarettes are taxed at 36 cents per pack, which is estimated to generate \$84.1 million in FY 2005. The Governor estimates a tax increase of 60 cents per pack would generate \$108.0 million in additional General Fund revenue for FY 2005.
- ❖ **\$25.0 million Combined Corporate Tax Reporting** – The Governor's proposal would require corporations to file combined reports for affiliated companies for Iowa corporation income tax purposes. Current law does not require subsidiaries to file as one corporation.
- ❖ **\$5.0 million Reserve Fund Interest** – The Governor is recommending interest earned on Cash Reserve and Economic Emergency Fund balances be deposited into the General Fund for FY 2005. Under current law, the interest must be deposited into the Rebuild Iowa Infrastructure Fund. If enacted, this will be the fourth straight year that the Reserve Fund interest has been deposited into the General Fund.
- ❖ **Phase-Out of the Sales Tax on Residential Utilities** – The Governor is recommending the restoration of the residential utility sales tax phase-out. The net effect of two tax law changes and a Governor's item veto during the 2003 Session repealed the phase-out effective July 1, 2004. The repeal increased the FY 2005 General Fund revenue estimate by \$63.4 million. The Governor's recommendation would reinstate the phase-out and remove \$63.4 million from the FY 2005 revenue estimate.

### Previously Enacted Tax and Revenue Adjustments

The Iowa General Assembly and federal Congress have enacted tax and revenue measures in recent Sessions with phased-in or future impact dates, including the utility sales tax legislation and federal changes discussed above. The following table provides a summary of the projected revenue impacts associated with recent legislation. Included is the impact of provisions item vetoed by the Governor after the 2003 Legislative Session and currently subject to legal challenge. Many small revenue impacts are not included.

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## Enacted Tax and Revenue Changes with Future Impacts

Increases and Decreases from FY 2003 Base

In Millions of Dollars

|                                     | FY 2004       | FY 2005        | FY 2006         | FY 2007         |
|-------------------------------------|---------------|----------------|-----------------|-----------------|
| Utility Phase-out                   | \$-17.7       | \$-35.4        | \$-53.1         | \$-62.0         |
| <b>Utility Phase-out Freeze *</b>   | <b>8.9</b>    | <b>35.4</b>    | <b>53.1</b>     | <b>62.0</b>     |
| <b>Income Tax Rate Reductions *</b> | <b>-49.4</b>  | <b>-65.5</b>   | <b>-197.2</b>   | <b>-311.5</b>   |
| Insurance Premium Tax               | -12.2         | -40.8          | -87.4           | -120.3          |
| Seed Capital Credits                | 0.0           | -3.0           | -3.0            | -4.0            |
| Venture Capital Tax Credit          | 0.0           | -0.5           | -2.3            | -1.4            |
| One-time Transfers                  | 80.9          | 0.0            | 0.0             | 0.0             |
| Federal Tax Reductions (2003)       | 40.3          | 35.0           | 19.8            | 13.3            |
| Federal Inheritance Tax Changes     | -15.0         | -26.0          | -38.0           | -44.0           |
| Streamlined Sales Tax               | 1.0           | 15.0           | 71.3            | 71.3            |
| Ethanol Tax Credit                  | -0.8          | -1.7           | -2.8            | -3.9            |
| Electronic Commerce                 | -2.3          | -3.1           | -3.9            | -4.8            |
| University Research                 | 0.0           | -0.1           | -0.8            | -1.4            |
| Sales Tax to Iowa Values Fund       | 0.0           | 0.0            | -37.3           | -37.3           |
|                                     | <u>\$33.7</u> | <u>\$-90.7</u> | <u>\$-281.6</u> | <u>\$-444.0</u> |

**\* Income Tax Rate Reduction and Utility Freeze were item vetoed and are currently subject to litigation. As a result of the item veto, the residential utility tax rate will return to 5.0% on July 1, 2004. That fiscal impact is not included here. The Governor recommends reinstatement of the phase-out provisions.**

**Potential:**

|                               |              |              |                |                |
|-------------------------------|--------------|--------------|----------------|----------------|
| Venture Capital Fund of Funds |              |              |                |                |
| Contingent Credits            | <u>\$0.0</u> | <u>\$0.0</u> | <u>\$-20.0</u> | <u>\$-20.0</u> |

**Issue Review** – an Issue Review entitled “Iowa Corporate Income Tax Revenue” has been recently completed. The Issue Review provides a nine-year history of net Iowa Corporate Income tax, and compares that history to the revenue history of the federal government and to other states. The Issue Review is available at <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

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## PROPERTY TAX ISSUES

### Property Tax Changes – New Legislation



During the June 2003 Extraordinary Session, HF 692 (FY 2004 Taxation Changes, the Grow Iowa Values Program, and Regulatory Reform Act) was passed by the General Assembly. The Act, among other changes, set in motion a process to transform property assessment and taxation in Iowa. The changes include:

- ▶ **Residential, Commercial, and Industrial Property Tax Changes:** Sections of Chapter 441, Code of Iowa, are amended or replaced, resulting in a number of changes. For the assessment year beginning January 1, 2006, taxable structures are to be taxed on a square footage basis. Land is assessed separately and taxed on a per acre basis. The assessment process corrects for inflation at the county level using cumulative inflation factors calculated by Iowa State University. The January 2005 assessment will serve as the base. For residential, commercial, and industrial purchases made after January 1, 2005, the purchase price is corrected for inflation and used in calculating the per square foot value. The Act permits the assessor to adjust purchase prices to reflect arm's-length transactions and market value. Adjustments are made to the taxable square foot value when substantial changes are made to the structure. The new assessment procedures do not include a rollback.
- ▶ **Agricultural Taxation:** Agricultural land continues to be taxed with the current productivity value method. Agricultural structures are to be taxed on an agricultural productivity basis using a value per square foot. Farm residences are to be treated as other residential property.
- ▶ **Implementation Committee:** The Act established an Implementation Committee for testing and implementing the new property taxation system. The Department of Revenue (DOR), in consultation with the Department of Management (DOM), initiated and is coordinating the Committee and providing staff support. The Committee will oversee the design phase, testing in three counties during the second year, and statewide testing during the third year, with tax collections beginning under the new system in FY 2008. The Committee is to make recommendations relating to the land tax, square footage tax, tax rate limitations, computer hardware and software, data collection and system testing, implementation budgets, and related issues.
 
- ◆ **Membership:** The Property Tax Implementation Committee met for the first time on September 3. The Committee includes:
  - Senator Bryan Sievers, Co-Chairperson
  - Representative Jim Kurtenbach, Co-Chairperson

## Property Tax Issues

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- Senator Herman Quirnbach
  - Representative Don Shultz
  - Michael Ralston, Director, Iowa Department of Revenue
  - Richard Stradley, Iowa Department of Revenue
  - Cynthia Eisenhauer, Director, Iowa Department of Management
  - Randy Bauer, Iowa Department of Management
  - Ted Tedesco, Ames Mayor and Iowa League of Cities
  - Gary Bilyeu, former Story County Assessor and Iowa State Association of Counties
  - Jerry Shepler, Warren County farmer and Iowa Farm Bureau Federation
  - Tim McGee, Lucas County Assessor and Iowa State Association of Assessors
  - Mary Maloney, Polk County Treasurer and Iowa State Association of Treasurers
  - Grant Veeder, Black Hawk County Auditor and Iowa State Association of Auditors
  - Kim Dreher, Knapp Properties and Iowa Association of Realtors
  - Curtis Rouse, Pioneer Hi-Bred Tax Director and Iowa Taxpayers Association
  - Larry Sigel, School Finance Director, Iowa Association of School Boards
  - Mark Schuling, Attorney and Shareholder, Brick, Gentry Law Firm
  - Larry Countryman, CFO, Wilson Trailer and Iowa Association of Business and Industry
  - Thomas K. Jarrett, Director of Taxes, Deere & Company
- ✦ **Subcommittees:** The Committee identified four subcommittees to address implementation issues. The subcommittees held meetings during the fall of 2003.
- **Counties Subcommittee** is to address issues of implementation of the pilot project, focusing



- primarily on the land tax and square footage tax, the conversion of the tax base to the base year of the new system, implementation issues for equalization, and assessment limitations (including addressing the impact of the rollback in a revenue neutral conversion).
- **Broad Implementation Issues Subcommittee** is to address equalization and rollback policy issues, credits and exemptions, Payment In Lieu of Taxes (PILOT) for governmental agencies and nonprofit organizations, Tax Increment Financing (TIF) and urban revitalization, and school financing.
  - **Property Tax Structure Subcommittee** is to examine the current items paid for with property tax revenue, what should be paid for with property taxes, and performance measures.
  - **Definitional Issues Subcommittee** is to examine the definitions of property classes and categories, including agricultural property taxation, moving apartments and mobile home parks from commercial to residential property, various timeframes for filings and appeals at different levels of government, and treatment of recreational and green space property.
- ✦ **Pilot Project:** Four counties volunteered to participate in the property tax implementation pilot project. The first three to volunteer were Woodbury, Cerro Gordo, and Warren counties and were selected to be the pilot project participants required by the legislation. Dickinson County also volunteered for the pilot project and will be allowed to participate.
- **Legislative Review:** The Act provides that the property assessment and taxing process is subject to legislative review every five years with the first report due January 1, 2010.
- **Fiscal Impact:** The Implementation Committee is to make recommendations to the General Assembly to assure the changes are revenue neutral for the classes of property taxpayers, school funding, treatment of current tax credits and exemptions, and other features of the existing tax system.
- **Sunset Provision:** House File 692 is repealed effective June 30, 2005, thus requiring a vote of the General Assembly and approval by the Governor for final implementation of the property tax changes.



### Current Property Tax System

The existing property tax system will continue to operate through FY 2007 while the new property tax system is being developed and tested. The following are some significant issues for the current tax system.

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## Property Tax Issues

### Property Tax Relief

Major property tax relief programs have been created since FY 1996. **Figure 1** summarizes the property tax relief expenditures and projects the cost of each program through FY 2005. Full funding of the homestead, elderly, and military property tax credits is not included to continue the funding patterns of recent years. Below is a description of each program, followed by a discussion of the credits.

**Figure 1**

| <b>Projected State Funded Property Tax Relief</b> |                   |                   |                   |                   |                   |                   |                   |                      |                                       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|---------------------------------------|
| Dollars in Millions                               |                   |                   |                   |                   |                   |                   |                   |                      |                                       |
|   | Actual<br>FY 1997 | Actual<br>FY 1998 | Actual<br>FY 1999 | Actual<br>FY 2000 | Actual<br>FY 2001 | Actual<br>FY 2002 | Actual<br>FY 2003 | Estimated<br>FY 2004 | Current Law -<br>Estimated<br>FY 2005 |
| Mach. & Equip.                                    | \$ 6.9            | \$ 11.3           | \$ 17.1           | \$ 23.7           | \$ 41.6           | \$ 15.1           | \$ 35.0           | \$ 11.0              | \$ 0.0                                |
| Mental Health<br>School<br>Foundation             | 78.0              | 95.0              | 95.0              | 95.0              | 95.0              | 95.0              | 95.0              | 95.0                 | 95.0                                  |
|   | 84.8              | 88.0              | 91.9              | 111.6             | 123.1             | 126.5             | 132.2             | 126.8                | 133.0                                 |
| <b>Total</b>                                      | <u>\$ 169.7</u>   | <u>\$ 194.3</u>   | <u>\$ 204.0</u>   | <u>\$ 230.3</u>   | <u>\$ 259.7</u>   | <u>\$ 236.6</u>   | <u>\$ 262.2</u>   | <u>\$ 232.9</u>      | <u>\$ 228.0</u>                       |

Note: The FY 2004 M & E and School Foundation credits have been reduced by the 2.5% across-the-board reduction. The Governor is not recommending changes that would affect current law and these estimates.

### Machinery and Equipment (M&E)

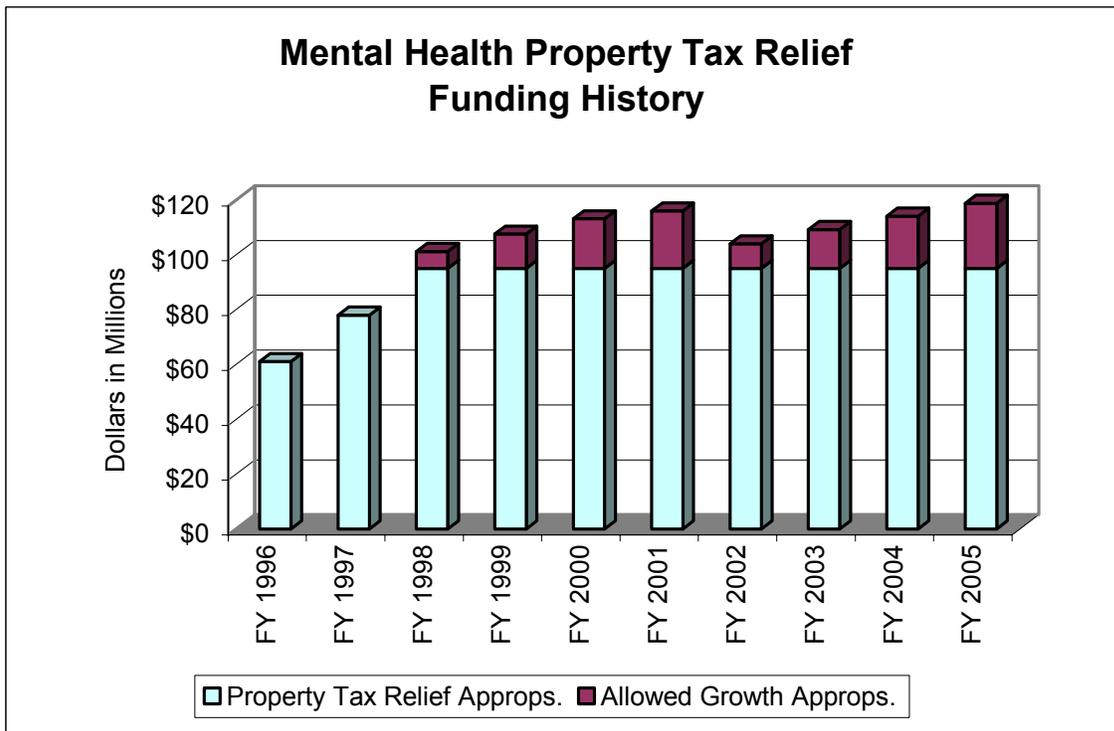
- The property tax on new M&E was repealed during the 1995 Legislative Session (SF 69, Property and Income Tax Reduction Act), retroactive to all M&E purchases made since January 1, 1994. The intent of the original legislation was to eliminate the tax on M&E and spur additional commercial and industrial growth that would eventually offset the revenue loss to local governments from the M&E exemption.
- The taxable value of M&E purchased prior to January 1, 1994, has been phased out over a four-year period that began in FY 2001, such that the taxable value on all M&E reached zero in FY 2004.
- Local governments received reimbursement for the difference between the base year (FY 1996) M&E valuation and actual valuation for each year through FY 2001. For FY 2002 through FY 2006, the State reduced the reimbursement to the extent that commercial and industrial valuations had grown since FY 1996. The State reimbursement was scheduled to terminate in FY 2007. Senate File 453 (Reinvention of Government Act) moved up the termination of the standing unlimited appropriation for M&E Property Tax Replacement to June 30, 2004. During the 2003 Legislative Session, SF 453 reduced the standing appropriation by \$10.9 million, but SF 458 (Standing Appropriations, Salary Revisions, and Statutory Changes Act) increased the appropriation by \$1.2 million, bringing the final FY 2004 appropriation to \$11.3 million.

- There will be no M&E Property Tax Replacement in FY 2005. The standing appropriation has been zeroed out of the estimates for built-in increases and the State Foundation Aid for school districts.

**Mental Health Property Tax Relief**

- The Mental Health Property Tax Relief Fund was created by SF 69 (Property and Income Tax Reduction Act of 1995).
- A standing limited appropriation was established and phased in over a three-year period to complete the State share. The following chart details annual appropriations from FY 1995 through FY 2005. The State share includes \$6.6 million that is transferred annually from the Property Tax Relief Fund to the Department of Human Services for services for mentally retarded children.

Figure 2



Note: The FY 2004 appropriations for property tax relief and the county expenditure base are assumed at the FY 1998 rate. Senate File 458 (FY 2004 Salary, Statutory, and Corrective Changes Act) appropriated \$23.7 million for FY 2005 growth, which is a rate of 2.0%. With the transfer of \$2.0 million from the Risk Pool to Medical Assistance in HF 685 (FY 2004 Healthy Iowans Tobacco Trust Appropriations Act) this is an increase of \$6.7 million or a 2.86% increase in the allowed growth calculation used in the formula. When comparing to the FY 2004 appropriation, the FY 2005 appropriation is an increase of \$4.7 million or 24.46% compared to estimated FY 2004. The growth rate for FY 2006 is scheduled to be appropriated during the 2004 Legislative Session.

## Property Tax Issues

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- Mental health funding in each county is triggered by a base year amount. The annual appropriation of \$95.0 million was originally set at 50.0% of the FY 1996 county base expenditures of \$189.9 million. Over time, expenditure bases have been adjusted for a total adjusted county base of \$214.4 million.
- The first \$6.6 million of property tax relief for mental health is transferred annually to the Department of Human Services for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) costs for children. An additional \$5.6 million was appropriated to the Department of Human Services for these same costs in FY 2002.
- The General Assembly has modified the mental health funds distribution method to counties. For FY 2004, the distribution is as follows:

**Figure 3**

### **FY 2004 Mental Health Property Tax Relief Distribution Formula**

- One-third on the county's share of State population.
- One-third on the county's share of all counties' base year expenditures.
- One-third on the county's share of State's total taxable property valuation.

**Figure 4**

### **FY 2004 Mental Health Allowed Growth Distribution Formula**

- \$12.0 million based upon county population.
- \$14.5 million as required by statute as follows:
  - ◆ The maximum county levy.
  - ◆ The county per capita expenditure to be equal to or greater than the Statewide per capita expenditure.
  - ◆ The FY 2002 County Services Fund balance to be no more than 25.0% of the FY 2002 county mental health gross expenditures.
- A reduction of \$9.4 million based upon FY 2003 county fund balances.

- The reduction of \$9.4 million within the distribution formula has occurred since FY 2002 to provide more uniform county fund balances. The ending balance percentage, comparing balances to mental health expenditures for each county, determines the amount each county receives from the mental health allowed growth
-

appropriation. The counties are required to submit the FY 2003 balances by December 1, 2003. The withholding factor for a county is based upon the following:

- ◆ For an ending balance percentage of less than 10.0%, the withholding factor is 0.0%. In addition, a county within this category is to receive an inflation adjustment equal to 2.6% of the gross expenditures reported for the county's Services Fund for FY 2004.
- ◆ For an ending balance percentage of 10.0% through 24.0%, the withholding factor is 25.0%.
- ◆ For an ending balance percentage of 25.0% through 34.0%, the withholding factor is 60.0%.
- ◆ For an ending balance percentage of 35.0% or more, the withholding factor is 100.0%.

In addition, counties were required to levy at least 70.0% of the maximum allowed for the Services Fund under Section 331.424A, Code of Iowa, to be eligible for the allowed growth funding for FY 2004.

Ending balances in excess of 10.0% of the expenditures by a county for mental health services will result in a decreased share of the allowable growth appropriation for FY 2004, with the possibility that a county may not receive any of the allowable growth appropriation.



▶ The General Assembly may wish to consider the following during the 2004 Legislative Session:

- ◆ Recommendations from the Mental Health Redesign Report from the Mental Health and Developmental Disabilities Commission. Initial recommendations include but are not limited to:
  - Pooling many State appropriations relating to county funding of mental health expenditures and distributed by an individual case rate method.
  - Creation of levels within the service system, such as:
    - ◆ Individuals served.
    - ◆ Service coordination.
    - ◆ Management entities.
    - ◆ State entity.
  - Requiring management entities (counties) to offer a minimum number of services.

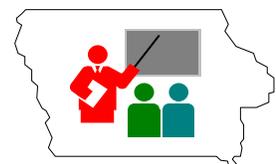
## Property Tax Issues

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- Adding certain populations to be served.
  - Expanding the definitions of eligibility.
  - Revising the legal settlement determination of residency for establishing payment responsibility.
  - Create a Division within the Department of Human Services relating to the mental health area, and additional technology for data collection.
  - Focus upon person-centered planning and development of an eligible person's individual budget.
- ✦ Review county expenditures since the beginning of property tax relief funding, individual county levies for mental health services, and balances of the County Services Funds. Changes to the State Plan relating to Medical Assistance (Medicaid) have permitted county expenditures to be matched with federal Medicaid funds, decreasing the amount of county expenditures. This results in either decreased expenditures or increases in services or the number of people served, based upon an individual county decision.
  - ✦ Review proposals for the FY 2006 allowable growth appropriation and other proposed State funding changes.
  - ✦ Review the impact of the distribution of the FY 2004 allowable growth appropriation and the enacted distribution of the FY 2005 allowable growth appropriation.
  - ❖ *For FY 2005, the Governor recommends an increase of \$5.0 million to initiate the implementation of the Mental Health redesign.*
  - ❖ *The Governor recommends an FY 2006 Allowed Growth increase of \$4.8 million compared to the enacted FY 2005 appropriation, which represents a 2.0% increase in the formula. The Governor also recommends \$2.4 million of additional funding to continue implementation of the recommended components of the Mental Health Redesign.*

## School Foundation Level

- In the 1996 Legislative Session, the regular program foundation level was raised from 83.0% to 87.5%. Raising the foundation level increased State aid and reduced property taxes for local school districts by \$84.8 million in FY 1997. In general, school districts with the lowest taxable valuation received the biggest tax rate decrease.
- Additional property tax relief was provided by the 1999 General Assembly by raising the foundation level for the special education portion of regular program costs from 79.0% to 87.5%.



In addition, funding for the Talented and Gifted Program was shifted from 100.0% property taxes to the foundation formula. This has resulted in the Talented and Gifted Program being funded by a combination of property taxes and State aid. In FY 2000, the State assumed \$16.7 million of Program costs, and the remaining \$2.4 million continued to be funded by property taxes. These amounts increase annually by the allowable growth percentage.

- ▶ Raising the foundation level can provide future property tax decreases. In FY 2005, increasing the regular program foundation level by 1.0% would increase State aid and reduce property taxes by \$23.5 million. Increasing the special education foundation level by 1.0% would increase State aid and reduce property taxes by \$3.4 million, and increasing the Area Education Agency foundation level by 1.0% would have a \$1.7 million impact.
- ❖ *The Governor is not recommending changes to the FY 2005 allowable growth percentage or other aspects of the State Foundation Formula. The Governor's recommendation for State Foundation Aid is \$1,888.6 million, which is an increase of \$116.4 million.*

### Property Tax Credits

The major property tax credits include the homestead tax credit, agricultural land tax credit, family farm tax credit, military service tax exemption, and various low-income elderly credits. **Figure 5** shows the amounts claimed by taxpayers and the amounts paid by the State. For the military and elderly credits, local governments pay the difference between the amount claimed and the State payment. For the agricultural credits, taxpayers receive pro-rated shares of the State payment.

Figure 5

| <b>Local Government Property Tax Credit Claims and Payments</b> |                              |                                    |  |
|---|------------------------------|------------------------------------|--|
| (Dollars in Millions)   |                              |                                    |  |
| FY 2003   | FY 2003<br>Amount<br>Claimed | FY 2003<br>Amount Paid<br>by State | Additional<br>Cost if Paid<br>Fully by State |
| Homestead Credits   | \$ 119.9                     | \$ 105.4                           | \$ 14.5                                      |
| Agriculture Land Credits  | 108.2                        | 25.4                               | 82.8   |
| Family Farm Credits   | 49.4                         | 10.0                               | 39.4   |
| Military Service Tax Exemption                                  | 2.6                          | 2.5                                | 0.1  |
| Elderly Credits   |                              |                                    |  |
| Rent Reimbursement  | 12.4                         | 12.4                               | 0.0  |
| Property tax  | 5.9                          | 3.3                                | 2.6  |
| Mobile homes  | 0.1                          | 0.1                                | 0.0  |
| Special Assessments   | 0.0                          | 0.0                                | 0.0  |
| Elderly Credit Total  | 18.4                         | 15.8                               | 2.6  |
| Total   | <u>\$ 298.5</u>              | <u>\$ 159.1</u>                    | <u>\$ 139.4</u>                              |

The appropriations for Property Tax Replacement and Franchise Tax Replacement were repealed in the SF 453 (FY 2004 Reinvention of Government Act), and the above tax credits were capped. The amount of claims compared to the amount paid by the State will not be available until the close of FY 2004.

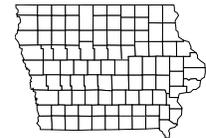
**Homestead, Elderly, and Military Service Property Tax Credits**

During the 1997 Session, the General Assembly passed HF 726 (Tax Credits and Exemptions – Local Budget Practices – Property Tax Statements Act) that required new property tax credits or exemptions to be fully funded by the State. If the new credit or exemption is not fully funded by the State, the credit or exemptions will be prorated to the taxpayer. These requirements also apply to the homestead, elderly and disabled, and military service property tax credits. The Act also removed the appropriation freeze on the homestead, elderly and disabled, and military service property tax credits. Removing the appropriation freeze reinstated the standing unlimited appropriations for these credits.

For FY 2005, the Governor is recommending eliminating the Agricultural Land Tax Credit and increasing the Family Farm Tax Credit so that only agricultural landowners who are actively engaged in farming receive the tax credit. The net change is projected to reduce the cost to the General Fund by \$14.6 million. The Governor's recommended changes to fully fund other FY 2005 tax credits include:

- ❖ *Homestead Tax Credit – an increase of \$17.5 million.*
- ❖ *Military Service Tax Credit – a decrease of \$32,000.*
- ❖ *Elderly and Disabled Tax Credit – an increase of \$3.3 million.*

### Property Tax Equalization



Equalization is a process required by statute to be used to maintain equity for property assessments between counties. The Department of Revenue (DOR) makes a determination for equalization of specific classes of property in each county. The Department determines, by county, if residential and commercial property is generally assessed too high, too low, or within an appropriate range based on county sales data.

Equalization of commercial and residential classes of property is performed every two years (odd-numbered years). Equalization is also performed for agricultural property. However, agricultural property is assessed on a productivity basis, rather than market value.

Equalization orders are given to county assessors. Although the assessors have some discretion in allocating increases and decreases within classifications of property, in most cases, assessors apply the percentage change across the board.

**Figure 6** displays the Statewide changes to property tax valuations due to assessor revaluation, equalization order, and the net impact on valuations by class of property. The January 1, 2002, valuations are used to generate property tax revenues in FY 2004. Residential property includes urban and rural residential and agricultural dwellings. The last equalization cycle began with valuations effective January 1, 2003, and concluded with the DRF equalization order in the fall of 2003.

Figure 6

|              | <u>2003<br/>Assessor<br/>Revaluation</u> | <u>2003<br/>Equalization</u> | <u>Total<br/>Impact</u> |
|--------------|--|------------------------------|-------------------------|
| Agricultural | -9.4%                                    | -10.0%                       | -19.4%                  |
| Residential* | 4.2%                                     | 1.7%                         | 5.9%                    |
| Commercial   | 2.1%                                     | 2.9%                         | 5.0%                    |

\* Includes urban and rural residential and agricultural dwellings.

### Assessed Valuation Limitation (Rollback)

Assessment limitations provide for the reduction of property tax valuations to cushion the impact of inflation. The assessment limitations are applied to classes of property as follows:

- For agricultural, residential, commercial, and industrial classes of real estate, the taxable valuation for each class is limited to 4.0% annual Statewide growth from revaluation. In addition, the percent of growth from revaluation is to be the same for agricultural and residential property.
- For utility property, the taxable valuation is limited to 8.0% annual Statewide growth from revaluation.
- For railroad property, the assessed valuation is adjusted by the lowest of the assessment limitation percentages for commercial, industrial, and utility property to determine the taxable valuation.

An assessment limitation percentage is applied uniformly to each assessed value in the State for a class of property. Even though the State's total taxable value will increase by only the allowed percent of growth, the taxable values for individual properties will change by different percentages. **Figure 7** shows historical rollback adjustments due to the assessment limitation.

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Figure 7

| Percent of Property Valuation Taxed after Rollback Adjustment |              |             |            |            |           |             |
|---|--------------|-------------|------------|------------|-----------|-------------|
| Assessment Year   | Agricultural | Residential | Commercial | Industrial | Utilities | Railroads * |
| 1978  | 96.2480%     | 78.2516%    | -----      | -----      | -----     | -----       |
| 1979  | 94.6706%     | 64.3801%    | 88.9872%   | 100.0000%  | 100.0000% | 88.9872%    |
| 1980  | 99.0951%     | 66.7355%    | 93.1854%   | 100.0000%  | 100.0000% | 93.1854%    |
| 1981  | 95.7039%     | 64.7793%    | 87.8423%   | 96.9619%   | 100.0000% | 87.8423%    |
| 1982  | 99.5711%     | 67.2223%    | 91.6331%   | 100.0000%  | 100.0000% | 91.6331%    |
| 1983  | 86.5024%     | 69.8754%    | 91.7230%   | 97.4567%   | 98.3345%  | 91.7230%    |
| 1984  | 90.0058%     | 72.4832%    | 95.4242%   | 100.0000%  | 97.8637%  | 95.4242%    |
| 1985  | 93.5922%     | 75.6481%    | 98.7948%   | 100.0000%  | 100.0000% | 98.7948%    |
| 1986  | 100.0000%    | 77.3604%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1987  | 100.0000%    | 80.5966%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1988  | 100.0000%    | 80.6384%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1989  | 100.0000%    | 79.8471%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1990  | 100.0000%    | 79.4636%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1991  | 100.0000%    | 73.0608%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1992  | 100.0000%    | 72.6985%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1993  | 100.0000%    | 68.0404%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1994  | 100.0000%    | 67.5074%    | 100.0000%  | 100.0000%  | 97.2090%  | 97.2090%    |
| 1995  | 100.0000%    | 59.3180%    | 97.2824%   | 100.0000%  | 100.0000% | 97.2824%    |
| 1996  | 100.0000%    | 58.8284%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 1997  | 96.4206%     | 54.9090%    | 97.3606%   | 100.0000%  | 100.0000% | 97.3606%    |
| 1998  | 100.0000%    | 56.4789%    | 100.0000%  | 100.0000%  | 100.0000% | 0.0000%     |
| 1999  | 96.3381%     | 54.8525%    | 98.7732%   | 100.0000%  | 100.0000% | 98.7732%    |
| 2000  | 100.0000%    | 56.2651%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 2001  | 100.0000%    | 51.6676%    | 97.7701%   | 100.0000%  | 100.0000% | 97.7701%    |
| 2002  | 100.0000%    | 51.3874%    | 100.0000%  | 100.0000%  | 100.0000% | 100.0000%   |
| 2003  | 100.0000%    | 48.4558%    | 99.2570%   | 100.0000%  | 100.0000% | 99.2570%    |

**Tax Increment Financing (TIF)**

A Tax Increment Finance (TIF) area is established when a city or county adopts a resolution establishing an urban renewal project or a community college creates a job training project. The taxable value of the TIF area in the year prior to the establishment of the TIF becomes the base value. The property tax revenue from the base value is distributed to all taxing entities. Any growth above the base is called the incremental value. The property tax revenue from the incremental value goes to the TIF project. Due to the action of property tax rollbacks, the value of the base can erode to a level below the original base, and the taxable value or the base is reduced to zero in some instances.

Iowa's tax increment reporting law was amended by SF 453, (Reinvention of Government Act) to require odd-numbered year reporting by local governments of outstanding TIF debt. Annual reporting requirements detailing each TIF project were eliminated.

## Property Tax Issues

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An **Issue Review**, “Tax Increment Financing (TIF),” issued July 31, 1997, provides additional details on TIFs and the impact on the State, local governments, and taxpayers.

In addition, Senate File 424 (TIF Debt Reporting Act) required each local government with an active TIF area to report outstanding TIF debt by April 1, 2003. Two **Issue Reviews** were written in response to SF 424 titled “[City Tax Increment Financing](#)” and “[County Tax Increment Financing](#)”. Those documents provide details concerning the level of TIF usage in each Iowa county and city. (Click on the title for the Issue Review.)

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## CRITERIA FOR EVALUATION OF TAX POLICIES

Several policy options relating to various taxes have been proposed by Members of the General Assembly. The following are eight criteria that can help shape and explain any plan that may be under consideration. Although most of the examples relate to the individual income tax, these criteria can be utilized in the development of any proposed change to the State and local tax system.

### Simplification

The simplification concept applies to both the State and the taxpayers; that is, initiating changes that ease administrative burdens on the State and/or ease compliance efforts on the part of taxpayers. Options relating to the individual income tax include:



- Coupling with the federal tax code, this could be done either in the form of piggy-backing (taxpayers pay a percentage of their federal tax) or coupling federal taxable income (the State would use the federal definition of “taxable income” and apply new rates and brackets).
- Initiating a flat tax, this may involve starting with federal adjusted gross income (AGI). Typically, complexity relating to the definition of “taxable income” is substantially more difficult to comply with and administer than complexity relating to rates and brackets. Thus, the General Assembly may wish to utilize a simple definition of taxable income (such as federal AGI) and apply a new set of brackets and rates.
- Virtually anything the State does to increase the extent to which Iowa tax law couples with federal tax law will render the system simpler for the taxpayer, although doing so may have undesirable consequences relating to the other criteria.

### Equity

The concept of equity implies that “equals” should be treated similarly and “unequals” may need to be treated dissimilarly. This concept relates more specifically to how similar individuals in different income classes are taxed; and how dissimilar individuals within the same income class are taxed. The General Assembly may wish to consider specific tax policy related to this issue. Income tax examples that might fall into this area of consideration include: the standard deduction, earned income tax credit, rate structure, dependent exemption, pension taxation, and the tuition/textbook credit.



## Criteria for Evaluation of Tax Policies

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### Competitiveness

It is not known to what extent, if any, the Iowa individual income tax encourages individuals and businesses to migrate into or out of the State. A cross-state comparison analysis has shown that the variance in actual income tax liability is probably too small to have a significant impact. However, if the top rate (rather than actual tax) is resulting in the perception that the Iowa individual income tax is out of line with other states, the General Assembly may wish to consider lowering the rate. The rate could be lowered either in a manner that is revenue neutral or in a manner that results in revenue loss. The options under the simplification section would all have the effect of reducing the top marginal rate.

### Revenue Stability/Responsiveness



The General Assembly may wish to consider actions that could be taken to maintain or improve the stability or responsiveness of individual income tax revenues. An example includes reviewing the effects of the deduction for federal income taxes paid. Specifically, when the federal government increases taxes, federal deductibility results in a decrease in Iowa tax revenues. Conversely, when the federal government decreases taxes, Iowa taxpayers receive a smaller total tax reduction than taxpayers in states without federal deductibility since State income taxes increase.

Stability and responsiveness are often mutually exclusive. A stable tax system is one that maintains consistent revenue streams throughout the business cycle, so that recessions do not result in shortfalls, and expansions do not result in unnecessary surpluses. Responsiveness to the business cycle can be beneficial when strong economic expansion increases government revenues, so that increased demand for government services is satisfied. Thus, highly responsive systems tend to be unstable, and highly stable systems tend to be unresponsive. The purpose of a broad-based, multi-tax system is to help balance these two competing goals, such that economic expansions provide sufficient growth in revenues, but contractions do not result in budgetary shortfalls. However, such a system may add complexity.

### Neutrality

Neutrality relates to economic efficiency. Changes in tax policy should not cause undue interference in the economic decisions of individuals and businesses. In other words, the administration of the tax should not inadvertently affect the decisions that individuals make with respect to buying or producing a given mix of goods and services.

Exceptions arise when markets function poorly. The State can either tax or regulate an industry so that the true costs of the product are reflected in the price. A good example is taxing (or regulating) emissions from a smokestack. This will result in an increase in price and a decrease in sales of the item being produced. However, in this case, the

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tax adds efficiency because neighbors of the smokestack no longer are required to bear the cost of the pollution.

In general, however, a neutral tax policy will maximize the output of the State economy and produce the most goods and services at the least price.

### Exportability

Exportability relates to shifting the tax burden to other states. All things being equal, any state would prefer to export the tax burden to residents of other states. However, this often results in competitiveness problems. In some ways, state tax deductibility affects exportability. When Iowa increases income taxes, part of the cost is shifted to the federal government, because State taxes are a federal itemized deduction. When Iowa decreases income taxes, the State revenue loss exceeds taxpayer gains for the same reason (the tax burden is imported).

### Revenue Adequacy

Revenue adequacy of the tax system relates more to the tax system as a whole, but the income tax is the largest contributor. This criterion emphasizes the importance of overall State fiscal policy, so that tax reductions are viewed within the context of the appropriations process.

### Accountability

Accountability relates to the extent to which a tax system is transparent, so that tax increases and tax decreases are the result of direct government action rather than an automatic process. Accountability also refers to the portions of the tax system that are formula driven and thus subject to little or no legislative oversight, such as open-ended exemptions or deductions that may have the effect of eroding the tax base.



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## CHARTER AGENCIES

Charter Agencies were authorized by SF 453 (Reinvention of Government Act) as amended by SF 458 (FY 2004 Standings Appropriations Act) during the 2003 Legislative Session. Charter Agencies are required to reduce expenditures or increase revenues to the General Fund in exchange for negotiated operational efficiencies and flexibilities. The Governor contracted with the private consulting firm of Public Strategies Group (PSG) prior to enactment of the legislation, and the PSG continues to work with the Department of Management and the Charter Agencies to provide ideas for efficiencies.

The designation of a Charter Agency is for a period of five years, terminating as of June 30, 2008. Prior to each fiscal year, or as soon thereafter as possible, the Governor and each director of a designated Charter Agency shall enter into an annual performance agreement which sets forth measurable organization and individual goals for the director in key operational areas of the director's agency.

Charter Agencies are exempted from a number of requirements for other agencies including:

- ▶ A Charter Agency is not subject to any limitation relating to the number of or pay grade assigned to its employees, including any limitation on the number of full-time equivalent positions.
- ▶ A Charter Agency may waive any personnel rule.
- ▶ A Charter Agency may waive any administrative rule regarding procurement, fleet management, printing and copying, or maintenance of buildings and grounds.
- ▶ A Charter Agency may waive any administrative rule regarding the acquisition and use of information technology.
- ▶ A Charter Agency may be able to retain 50.0% of the unspent, year-end General Fund appropriation balance for five years beginning in FY 2004.
- ▶ A Charter Agency is exempt from any across-the-board General Fund appropriation reductions made by the Governor in FY 2004 and FY 2005, and may retain the proceeds from the sale or lease of assets, provided the assets are under the control of the Agency and provided the use of the proceeds is within the scope of the Agency.
- ▶ A Charter Agency is also exempt from the appropriated full-time equivalent (FTE) position limitations for a period of five years, beginning in FY 2004.

## Charter Agencies

The following six agencies signed Charter Agency agreements with the Governor on September 12, 2003:

- Department of Commerce, Alcoholic Beverages Division
- Department of Corrections and Community-Based Corrections (CBC) District Departments
- Department of Human Services
- Department of Natural Resources
- Department of Revenue
- Iowa Veterans Home



Each of these agencies has committed to reducing General Fund expenditures, increasing General Fund revenues, or a combination of the two as specified below:

| Department                     | Decreased Expenditure | Increased Revenue   | Total               |
|--------------------------------|-----------------------|---------------------|---------------------|
| Human Services                 | \$1,000,000           | \$ 0                | \$1,000,000         |
| Corrections                    | 500,000               | 0                   | 500,000             |
| Natural Resources              | 50,000                | 150,000             | 200,000             |
| Revenue                        | 0                     | 1,000,000           | 1,000,000           |
| Veterans Home                  | 1,300,000             | 0                   | 1,300,000           |
| Alcoholic Beverages            | 0                     | 1,250,000           | 1,250,000           |
| Uncommitted Grant Funds*       | 1,550,000             | 0                   | 1,550,000           |
| Lottery (Not a Charter Agency) | 0                     | 8,000,000           | 8,000,000           |
| <b>Total</b>                   | <b>\$4,400,000</b>    | <b>\$10,400,000</b> | <b>\$14,800,000</b> |

\* A total of \$1.2 million of the remaining grant funds have been committed as of January 1, 2004. (See following list below).

All Charter Agencies are able to apply to the Department of Management (DOM) for grant funds from the Charter Agency Grant Fund. Those agencies that indicate they will receive grants in FY 2004, include:

- Alcoholic Beverages - \$300,000 for information technology improvements including:
  - ✦ On-line liquor licensing
  - ✦ On-line liquor order entry
  - ✦ Inventory management for the liquor warehouse
  - ✦ Electronic beer and wine tax reporting

- ▶ Iowa Veterans Home - \$100,000 for the development and implementation of a computerized patient record system including:
  - ◆ Computer hardware (\$20,000)
  - ◆ Software (\$31,000)
  - ◆ Training (\$5,000)
  - ◆ 55.0% of 2.0 FTE positions (\$44,000)
- ▶ Department of Human Services - \$450,000 for the following:
  - ◆ Consultant costs to identify opportunities to maximize federal financial participation for health care programs for low income lowans (\$20,000).
  - ◆ Implement selected maximization opportunities after identification (\$300,000).
  - ◆ Contract with the Gartner Group to assess overall agency information technology configuration (\$130,000).
- ▶ Department of Natural Resources - \$100,000 to establish an internal departmental revolving loan fund.
- ▶ Department of Revenue - \$270,000 to support a staff increase with the expectation of an increase in revenues for the General Fund. The signed charter indicates that the Department will request this same level of funding through a decision package in the FY 2005 budget request and if it is not funded, the same amount will be provided from the grant fund in FY 2005. Use of the funds included:
  - ◆ Funding for 6.0 FTE positions for the balance of FY 2004 (\$225,000) and FY 2005 (\$265,000).
  - ◆ Office supplies and communications expenses for FY 2004 and FY 2005 (\$5,000).
- ▶ To date two of the departments, the Iowa Veteran's Home and the Department of Revenue, have received the grants and are moving ahead with the projects.



### Related Issues

The General Assembly may wish to consider the following:

- ▶ Detailed work plans, including performance standards against which the PSG's progress will be measured for the three Charter Areas of Local Government, Child Welfare, and Charter Agencies were by requested the Legislative Fiscal Committee and the Government Oversight Committee. The DOM and PSG have established a "Smart Spending Plan" that specifies the project deliverables and expected



## Charter Agencies

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outcome for these three areas and the DOM is monitoring the progress being made and certifying completion of requirements as they occur. (See the Reinvention of Government Issue for more detail related to certifications and related payments to the PSG.)

- Monitor the amounts of new revenue actually generated by Charter Agencies compared to the amount that was agreed to in the Charter Agreements. The Fiscal Services Division will be collecting and reporting quarterly revenue updates from the Charter Agencies and reporting to the appropriate legislative committees.
- Monitor the Charter Agencies' ability to waive administrative rules. As of January 16, 2004, waivers that may have occurred since July 1, 2003, have not been reported. The Fiscal Services Division is working with the Legal Counsel for the Administrative Rules Review Committee and the DOM and Governor's Office to establish a reporting and review mechanism for the waivers as required by statute.

Additional information is available from the LSA upon request. The six Charter Agreements and other information related to the implementation of the reinvention of government efforts are posted at: <http://www.legis.state.ia.us/reinvent.html>.

Additionally, the Public Strategies Group (PSG) has created a web site with information on their past and planned activities at [http://iowa.regov.org/local\\_content.jsp?top=2780](http://iowa.regov.org/local_content.jsp?top=2780).

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## REINVENTION OF GOVERNMENT

Senate File 453 (Reinvention of Government Act) as amended in part by SF 458 (FY 2004 Standings and Miscellaneous Changes Act) provided for various changes in Iowa Statute. Prior to passage of this legislation, the Governor contracted with the Public Strategies Group (PSG) for creation of efficiency concepts and assistance for affected entities and service areas.

On September 1, 2002, the Master Agreement for Government Reinvention and Project Services was signed by the Director of the Department of Management and Chief Operating Officer of the Public Strategies Group (PSG).

The State negotiated with the PSG an innovated funding arrangement. The PSG is going to serve its role as Reinvention Partner by providing coaching and consultation to State managers, conducting certain training, helping strengthen Iowa's performance management systems, and helping departments break through barriers to change.

As of December 1, 2003, the PSG and the State had entered into two performance-based agreements. One agreement focused on the creation of the Department of Administrative (DAS) Services and the application of a set of funding and management principles of DAS services (referred to as entrepreneurial management). That agreement has ended.

The other performance-based project is the Smart Spending project. The focus is identifying where the State could both measurably improve results and spend less money. The project includes three areas: reforming the child welfare system; reforming the relationship between the State and local governments; and creating charter agencies. In these three areas savings from spending less or additional revenues for the General Fund will be generated.

If the Department of Management certifies that savings or increased revenues have occurred, the PSG is entitled to earn 5.0% of the savings or revenues. If measurable improvements in the results produced by those systems are created, the PSG may earn up to an additional 5.0%. The results the PSG is challenged to produce on each of these three projects are stated in terms of specific deliverables and specific outcome measures. These can be found on work plans for each project that are available.

According to the Department of Management (DOM), the payment methodology for the PSG to receive the maximum of \$6.35 million authorized in Section 8 of the Smart Spending Addendum, is as follows:

- A maximum of \$3.175 million may be certified by the DOM for payment based on increased savings or increased revenues to the General Fund.
- A maximum of \$3.175 million may be certified by the DOM for payment based on performance and outcomes. Payments allocated from the 5.0% for performance

## Reinvention of Government

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and outcomes will be based on a distribution of 45.0% for performance and 55.0% for outcomes.

However, Senate File 453 (2003 Government Reinvention Act) provided for total savings to the State of \$82.0 million, minus the related investments specified in the Act of \$6.2 million, for a net savings of \$75.8 million. If the PSG were to be paid 5.0% of this amount, the total would be \$3.8 million in each category above. However, as savings are certified and performance and outcome deliverables are certified as accomplished, the payments will be capped at the levels specified in the Agreement, not on the amount that could be authorized under the Act. Payments certified and made to date by category are listed below.

### Payments for Savings and Increased Revenues:

- Local Government Savings – 5.0% of \$57.0 million (\$2.85 million).
- Charter Agency Savings – 5.0% of \$1.55 million (\$77,500).
- Child Welfare Redesign – 5.0% of \$10.0 million which is \$500,000, however, the payment will be limited to \$247,500, to limit the total amount paid to the PSG for the savings and increased revenues category at the contractually specified maximum of \$3.175 million.
- No further payments to the PSG will be made for additional savings or revenues generated, however, the PSG will continue to work toward the requirements of the Act in this area.

### Payments for Performance and Outcomes

- Performance payments based on the \$3.8 million that could have been received under the Act would be a maximum of \$1.7 million, which has been divided into 12 monthly payments of \$142,000. The DOM certified the performance accomplishments for the first six months and has paid \$855,000 for those months. In any month that the DOM does not certify satisfactory completion of the required deliverables, \$50,000 of the \$142,000 payment will be withheld until such time as the DOM certifies the satisfactory completion of the required deliverables.
  - Outcome payments based on the \$3.8 million that could have been received under the Act would be a maximum \$2.1 million. At present, no payments for outcomes have been made. As outcomes are certified as satisfactorily achieved, payments from this area will be made.
  - These two areas under the Act had the possibility of certification of \$3.8 million in payments to the PSG, however, as soon as certifications of performance and outcomes total \$3.175 million, no further payments in these areas will be made.
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One of the key components was authorization for Charter Agencies. A summary of Charter Agencies is provided in a separate section. The remaining reinvention initiatives are summarized below.

| Study or Action Item                         | Description   | Current Status/Impact   |
|--|---|---|
| Property and Machinery & Equipment Taxes     | Reduction of a net \$60.0 million from FY 2004 appropriations.  | The PSG has held various meetings on an individual local government basis in addition to a Statewide conference to improve relations and suggest cost savings efficiencies. For information on particular topics, see the PSG's web site at: <a href="http://www.iowa.regov.org">www.iowa.regov.org</a> .   |
| Parking Ticket Fines                         | Eliminated \$5.00 limit.  | Various cities have increased the fines. A list as of October 1 is provided with the web site link provided at the end of this summary.   |
| Iowa Law Enforcement Academy                 | Permits the Academy to accept individuals not employed as law enforcement officers.   | The Academy has not accepted such individuals, but may in the future depending on budget issues.  |
| Budget Protest Requirement                   | Increases the number of people required for a petition for a city budget protest to 100 compared to ¼ of one percent of those voting for the office of Governor in the previous general election. | It may not be possible to determine the impact of this requirement.   |
| Tax Increment Finance Reporting              | Changes Tax Increment Financing reporting mechanism.  | Changes have been completed. Instructions to local governments were distributed in early October. The deadline for submitting information to the Department of Management is December 1, 2003.  |
| Municipal and County Infractions             | Changes penalties for various city and county infraction ordinances.  | The Iowa League of Cities does not currently track city infractions. It may not be possible to determine the impact of this requirement.  |
| Electronic Transaction Fees/County Recorders | Permits transaction fees for electronic transactions.   | Project manager hired and task force created. Iowa County Recorders Association in the process of hiring a vendor to develop the web site. Deadline for vendors to submit a Request for Proposal (RFP) is January 30, 2004. The web site, scheduled to be operational in July 2004, will provide statewide electronic access to records and information recorded or filed by County Recorders. Data collection underway for existing county transaction fee revenues. Collections for July 2003 through September 2003 totaled \$1.5 million. |
| Local Government Leases                      | Permits local governments to lease with government-related authorities.   | The PSG has conducted meetings regarding the development of local government lease opportunities.   |

## Reinvention of Government

| Study or Action Item   | Description   | Current Status/Impact  |
|--|---|--|
| Local Government Innovation Fund                                 | \$1.0 million FY 2004 appropriation; seven - member Committee to determine distribution.  | Committee has been named. The Administrative Rules Committee received administrative rules for implementation of duties. A meeting has occurred.   |
| Department of Natural Resources Study                            | Legislative Council Interim Committee to study enforcement and penalty policies relating to regulation of cities and counties.            | Meeting held November 12, with testimony regarding landfills. The second meeting may be held in January 2004.  |
| Capital Asset Charges  | \$900,000 of the Department of Administrative Services Rent Fund deposited into the State General Fund for FY 2004.                       | Planning in progress for application of space lease rent charge to the appropriate agencies. Additional time has been allowed prior to decisions due to the 2.5% across-the-board reduction.   |
| Regents Appropriation Reduction                                  | \$17.9 million FY 2004 appropriation reduction to the Board of Regents.   | The Board of Regents determined the allocation of the reduction, with \$14.8 million (82.7%) applied to the three general university budget units.   |
| Charter Agencies – Greater detail provided in a separate Section | Departments exchange funding for flexibility.   | Six agencies have been designated, with five year commitment: Departments of Human Services, Revenue, Natural Resources, and Corrections; Division of Alcoholic Beverages within the Department of Commerce, and the Iowa Veterans Home. |
| Insurance Incentives   | Permits the Department of Administrative Services to establish an incentive program for State employees to reduce health insurance costs. | The Department of Administrative Services does not plan to establish the program since an incentive program would not be cost effective.   |
| Area Education Agency Task Force                                 | Required to study delivery of media, educational, and special education services.   | Governor item vetoed the study requirement, indicating that the Department of Education would be establishing a Special Education Funding Task Force. The Task Force has been established and is meeting.                                |
| Child Welfare Redesign   | Stakeholder Panel and Redesign Drafts.  | Panel created; the PSG staffed various public meetings and retreats; the PSG provided three drafts for public comment. Director of the Department of Human Services (DHS) made recommendations December 8.                               |
|  | Legislative Committee   | Ten member Committee created by Legislative Council. Four meeting days approved.   |
|  | Appropriation reduction of \$10.0 million from various DHS budget units.  | On November 3, the Director of the DHS announced one-time funds have been identified to replace the appropriation reduction within the Child and Family Services line-item appropriation.  |
|  | Training Appropriation of \$1.2 million.  | The DHS has not indicated planned expenditures.  |

| Study or Action Item     | Description  | Current Status/Impact  |
|--------------------------|--|--|
|                          | Child Welfare Provider Loan Fund appropriation of \$1.0 million.                   | The DHS has not indicated planned loan requirements.   |
| Various DHS requirements | Appropriation reduction of \$300,000 for computerized billing efficiencies.        | The DHS indicates the reduction will occur in the FY 2004 appropriation for Medicaid.  |
|                          | Child Care Subsidy payment electronic billing system.                              | Study underway; the DHS provided a request for information (RFI) to 26 potential vendors. The study due January 2004 has been completed.   |
|                          | Medicaid Electronic Payment System.  | The DHS has not indicated action on this item. System to be complete July 2005.  |
|                          | Duplicative mailings and efficiencies.   | The DHS has not indicated action on this item. The report due January 2004 has not been received.  |
|                          | Medicaid Program Redesign.   | The DHS has not indicated action on this item. The report due January 2004 has not been received.  |
|                          | Medicaid Appropriation Reduction.  | Legislative action occurred in Section 50 of SF 453.   |
|                          | Hospital Trust Fund appropriation increase.  | The FY 2003 revenues were \$27.1 million. FY 2003 balance is \$8.1 million.  |
|                          | K-12 funding for the four institutions of the DHS serving children.                | The Department of Education incorporated the funding formula for the four institutions.  |
|                          | Pharmaceutical Settlement Account.   | Two settlements are in process for \$182,000 and \$500,000. One additional settlement underway, possible settlement in January 2004.   |
| Reinvention Payments     | Funds for the efficiencies enacted by the General Assembly or provided by the PSG. | The Department of Management certified total payments of \$3.175 million to the PSG based on reductions of appropriations. The DOM has paid the PSG \$855,000 for the first six months of the fiscal year based on a per month payment for performance payments. No payments were made to the PSG based on outcome measures prior to January 2004. |
| Iowa Lottery Authority   | Creates the Iowa Lottery as a separate Authority.                                  | Increased General Fund receipts are monitored. Revised estimates indicate that \$7.1 million would be available for the \$15.0 million savings specified due to the FY 2003 amounts that the statutory language was based upon, in lieu of the \$8.0 million projected.  |

**Additional Information and Web Sites**

The Government Oversight and the Legislative Fiscal Committees have received periodic updates of the summary during the 2003 Interim. These documents with

## Reinvention of Government

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greater detail can be found through the following links or via [http://staffweb.legis.state.ia.us/lfb/legis\\_committees.htm](http://staffweb.legis.state.ia.us/lfb/legis_committees.htm).

Legislative Oversight Committee

[September 16 meeting](#)

[December 15, 2003 meeting](#)

Legislative Fiscal Committee:

[July 29 meeting](#)

[September 23 meeting](#)

[October 21 meeting](#)

[December 17 meeting](#)

In addition, the Charter Agency agreements, communication, and reports from the Public Strategies Group (PSG) can be found at the following link or via <http://www.legis.state.ia.us/>.

[Iowa General Assembly Web Site/Reinvention of Government](#)

The PSG also has information on the web at:

[http://iowa.regov.org/local\\_content.jsp?top=2780](http://iowa.regov.org/local_content.jsp?top=2780)

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## GROW IOWA VALUES FUND

House File 692 (FY 2004 Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) and House File 683 (FY 2004 Grow Iowa Values Fund Act) created the Grow Iowa Values Program. The legislation dedicated anticipated federal funds and moneys generated from implementation of the streamline sales and use tax legislation to the Grow Iowa Values Fund. The legislation allocates up to \$503.0 million to be deposited into the Grow Iowa Values Fund over seven years. The table below presents estimated revenues and expenditures as drafted in the Act.

| Grow Iowa Values Fund - House File 683 |                      |                      |                      |                      |                      |                      |                      |                       |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Revenue                                | Estimated<br>FY 2004 | Estimated<br>FY 2005 | Estimated<br>FY 2006 | Estimated<br>FY 2007 | Estimated<br>FY 2008 | Estimated<br>FY 2009 | Estimated<br>FY 2010 | Estimated<br>Total    |
| Federal Funds                          | \$ 59,000,000        | \$ 41,000,000        | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                 | \$ 100,000,000        |
| Streamlined Sales & Use Tax            | 5,000,000            | 23,000,000           | 75,000,000           | 75,000,000           | 75,000,000           | 75,000,000           | 75,000,000           | 403,000,000           |
| <b>Total</b>                           | <b>\$ 64,000,000</b> | <b>\$ 64,000,000</b> | <b>\$ 75,000,000</b> | <b>\$ 503,000,000</b> |
| Expenditure                            |                      |                      |                      |                      |                      |                      |                      |                       |
| Marketing                              | \$ 2,500,000         | \$ 7,500,000         | \$ 10,000,000        | \$ 0                 | \$ 0                 | \$ 0                 | \$ 0                 | \$ 20,000,000         |
| Economic Development                   | 45,000,000           | 41,000,000           | 44,000,000           | 48,000,000           | 0                    | 0                    | 0                    | 178,000,000           |
| University & College Assistance        | 6,000,000            | 7,000,000            | 7,000,000            | 7,000,000            | 0                    | 0                    | 0                    | 27,000,000            |
| Rehabilitation Tax Credits             | 0                    | 0                    | 500,000              | 500,000              | 0                    | 0                    | 0                    | 1,000,000             |
| Loan & Credit Guarantee Fund           | 2,500,000            | 5,000,000            | 7,500,000            | 7,500,000            | 0                    | 0                    | 0                    | 22,500,000            |
| Endow Iowa Tax Credits                 | 0                    | 250,000              | 250,000              | 500,000              | 0                    | 0                    | 0                    | 1,000,000             |
| Endow Iowa Grants                      | 0                    | 250,000              | 250,000              | 500,000              | 0                    | 0                    | 0                    | 1,000,000             |
| State and Destination Parks            | 500,000              | 0                    | 0                    | 500,000              | 0                    | 0                    | 0                    | 1,000,000             |
| Iowa Cultural Trust Fund               | 500,000              | 0                    | 0                    | 500,000              | 0                    | 0                    | 0                    | 1,000,000             |
| Workforce Training Fund                | 5,000,000            | 5,000,000            | 5,000,000            | 10,000,000           | 0                    | 0                    | 0                    | 25,000,000            |
| <b>Total</b>                           | <b>\$ 62,000,000</b> | <b>\$ 66,000,000</b> | <b>\$ 74,500,000</b> | <b>\$ 75,000,000</b> | <b>\$ 0</b>          | <b>\$ 0</b>          | <b>\$ 0</b>          | <b>\$ 277,500,000</b> |

Thus far, the Department of Economic Development has received federal moneys in the amount of \$99.5 million, \$500,000 less than originally anticipated. The other source of revenue for the Fund comes from the implementation of the Streamline Sales and Use Tax. After its implementation, as provided in the legislation, any increased sales and use tax revenue above 2.0% of the previous year's receipts is deposited into the Grow Iowa Values Fund. Iowa is scheduled to implement the Streamline Sales and Use Tax July 1, 2004. Current Fiscal Services Division projections estimate the Grow Iowa Values Fund could receive \$30.0 - \$40.0 million in FY 2006 revenue. Fiscal year 2006 revenue would not be available for expenditure until FY 2007. *The Governor is recommending \$23.0 million in General Fund revenues be appropriated to the Grow Iowa Values Fund for FY 2005 as specified in House File 683 (FY 2004 Grow Iowa Values Fund Act) without consideration of the revenue increase required by statute.*

The above appropriations were specified for the following programs or activities:

### Strategic Marketing

Money was appropriated to the Department of Economic Development for implementing and administering a marketing strategy approved by the Economic Development Marketing Board. The marketing strategy was to be designed to market Iowa as a lifestyle, increase the population of the state, increase the wealth of Iowans, and expand and stimulate the State economy.

## Grow Iowa Values Fund

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### Economic Development Programs

Money was appropriated for general programs administered by the Department of Economic Development. Each year that the money is appropriated for this purpose, the Grow Iowa Values Board is required to allocate a percentage of the moneys to business start-ups, expansion, modernization, attraction, retention, and marketing.

### University and College Financial Assistance

An appropriation was provided for institutions of higher learning under the control of the State Board of Regents and for accredited private institutions for multiuse, goods manufacturing processes approved by the food and drug administration of the United States Department of Health and Human Services, protein purification facilities for plant, animal, and chemical manufactured proteins; accelerating new business creation; innovation accelerators and business parks; incubator facilities; upgrading food and drug administration drug approval laboratories in Iowa City to a larger multiclient, goods manufacturing processes facility; crop and animal livestock facilities for the growing of transgenic crops and livestock, protein extraction facilities, containment facilities, and bioanalytical, biochemical, chemical, and microbiological support facilities; a national center for food safety and security; and advanced laboratory space. Of the moneys appropriated for this purpose, \$10.0 million each was to be allocated to the University of Iowa and Iowa State University, and \$5.0 was to be allocated to the University of Northern Iowa.

### Rehabilitation Tax Credits

Iowa law provides that a taxpayer may receive a rehabilitation tax credit for rehabilitation of an eligible property. Eligible properties include property registered on the national list of historic places, property designated as of historic significance to a district listed in the national register of historic places or eligible for such designation, property or districts designated a local landmark by a city or county ordinance, and barns constructed prior to 1937. Rehabilitation Tax Credits are capped under the Code of Iowa at \$2.4 million per year. The Grow Iowa Values legislation allows an additional \$500,000 to be awarded in fiscal year 2006 and 2007 for projects located in cultural and entertainment districts.

### Loan and Credit Guarantee

A Loan and Credit Guarantee Program was created and will be administered by the Department of Economic Development to assist qualified businesses with an annual average of 200 employees or less and targeted industry businesses to receive loan and credit guarantees. A loan and credit guarantee fund was created for payment of claims pursuant to loan and credit guarantee agreements entered into as specified in the legislation; for payment of the Department's actual and necessary administrative expenses of the Program; for purchase or buyout of superior or prior liens, mortgages, or security interests; purchase of insurance to cover the default of loans through the

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Program. The legislation also created the Loan and Credit Guarantee Advisory Board to work with the Department in administering the Program.

### **Endow Iowa Tax Credits**

The legislation allows a taxpayer to claim a tax credit equal to twenty percent of a taxpayer's endowment gift to a qualified community foundation. The aggregate amount of tax credits authorized is not to exceed \$2.0 million, and an individual taxpayer's award is not to exceed 5.0% of the aggregate.

### **Endow Iowa Grants**

The Department of Economic Development is required to identify a lead philanthropic entity to encourage the development of qualified community foundations in the State. The Board of the lead philanthropic entity is then allowed to award Endow Iowa Grants to qualified community foundations and affiliate organizations, provided certain specified criteria are met.

### **State and Destination Parks**

The Department of Natural Resources, in cooperation with the Department of Economic Development, is to submit to the Grow Iowa Values Board an expenditure plan for the improvement of state parks and destination parks for economic development purposes.

### **Iowa Cultural Trust Fund**

The Department of Cultural Affairs is required to establish and administer a Cultural and Entertainment District Certification Program. The appropriation is to be used as an incentive to encourage the growth of communities through the development of areas within a city or county for public and private uses related to cultural and entertainment purposes. Cities and counties are allowed to create cultural and entertainment districts.

### **Workforce Training and Economic Development Funds**

A workforce training and economic development fund is created for each community college for the following: Accelerated Career Education projects; Iowa Job Training projects under Chapter 260F, Code of Iowa; Career Academies; programs and courses that provide vocational and technical training, and programs for in-service training and retraining; and job retention projects. For the first three years an appropriation is made, an allocation of \$1.0 million each year must be set aside for job retention projects.

The legislation created the following boards, commissions and committees

### **Due Diligence Committee**

The responsibilities of the Due Diligence Committee include, but are not limited to, the following:

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## Grow Iowa Values Fund

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- Review projects and determine if a proposed project funded through the Grow Iowa Values Fund is practical.
- Provide recommendations to the Grow Iowa Values Board.

Update through December 2003 – The Committee has met seven times and has recommended five projects to the Grow Iowa Values Board. The five projects recommended include the Wells Fargo expansion, the Trans Ova Genetics expansion, the Gcommerce relocation, the Professional Computer Systems (PCS) expansion/retention, and the Lennox Manufacturing retention/modernization project. The Committee also recommended the Regents receive \$5.7 million in FY 2004 and \$4.3 million in FY 2005. This is \$3.0 million less than the amount appropriated in the Act for those years due to lower than anticipated revenues to the Grow Iowa Values Fund. The funds will be allocated proportionally as specified in the Act. The University of Iowa and Iowa State University will each receive two-fifths of the allocation and the University of Northern Iowa will receive one-fifth.

## Grow Iowa Values Board

Responsibilities of the Grow Iowa Values Board include, but are not limited to, the following:

- Receive recommendations from the Due Diligence Committee, the Economic Development Marketing Board, and the Grow Iowa Values Review Commission.
- Assist the Department of Economic Development in implementing programs and activities designed to expand and stimulate the economy, increase the wealth of Iowans, and increase the population of Iowa.
- Annually elect five voting members of the Grow Iowa Values Board who have expertise in the areas of banking and entrepreneurship to serve on the Due Diligence Committee.
- Administer the Grow Iowa Values Fund.
- Approve or deny applications for financial assistance from moneys appropriated from the Grow Iowa Values Fund.

Update through December 2003 – The Board has met seven times and has finalized administrative rules and has approved five projects. The Committee also set aside \$4.0 million for Community Economic Betterment Account (CEBA) projects and the Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP) for FY 2004. Three VAAPFAP awards have been made through December. Grow Iowa Values Fund projects approved include the following:

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- ▶ Wells Fargo & Company is a \$370.0 billion diversified financial services company providing banking, insurance, investments, mortgage banking, and consumer finance to individuals, commercial businesses, and financial institutions in all 50 states and in some foreign countries. Wells Fargo Home Mortgage is headquartered in West Des Moines, while Wells Fargo Financial recently consolidated their operations in a new facility in downtown Des Moines, where most of its employees are located. The Grow Iowa Values Board has approved \$10.0 million over a two-year period to expand Wells Fargo's operations in the Home Mortgage, Consumer Credit, and Financial Divisions. The company expects to create 2,000 new jobs over a four-year period at an average annual wage of \$33,500.
  - ▶ Gcommerce Incorporated (Inc.) is a software development company that provides low-cost, non-invasive software solutions designed to streamline and improve supply chain operations for manufacturers, distributors, buying groups, and retailers of hard goods. The Grow Iowa Values Board approved \$1.0 million from the Grow Iowa Values Fund for GCommerce to relocate to Iowa from New York, and to provide 157 new jobs over a four-year period at an average wage of \$56,000 annually.
  - ▶ Trans Ova Genetics is an international leader of embryo transfer services. The company's competencies include nuclear transfer, embryo transfer, gestational care, parturifacient care, collection of pharmaceutical source material, and clarification and initial purification of pharmaceutical raw materials. The Grow Iowa Values Board awarded Trans Ova \$9.0 million from the Grow Iowa Values Fund. The funds will be used for multi-phase expansion projects including a human serum albumin production center, a bio-protein production center, a cloning laboratory, a semen sexing technology facility, a biotech business cluster incubator, and a college research center. Trans Ova Genetics expects to create 315 new jobs in a four-year period at an average wage of \$45,000 annually.
  - ▶ Professional Computer Systems (PCS) is a computer software and services company located in Denison. It provides financial accounting, billing, and customer management software and related services to municipal utilities and rural electric cooperatives across the United States. The Grow Iowa Values Board awarded the company \$329,000 from the Grow Iowa Values Fund. The funds will be used to finance new technology software development, which will help expand the company and increase its market share. Professional Computer Systems (PCS) expects to create 27 new jobs over a seven-year period at an average wage of \$44,570 annually. The Grow Iowa Values award will also allow the company to retain 20 jobs that would otherwise have been lost.
  - ▶ Lennox Manufacturing Inc, is a manufacturer of innovative heating and air conditioning products. The Marshalltown facility produces the majority of residential products that are marketed under the Lennox brand name. The Grow Iowa Values Board awarded the company \$6.6 million from the Grow Iowa Values Fund to be used for modernization or improvement to the manufacturing process in order to
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## Grow Iowa Values Fund

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make the facility more competitive in the global economy. The funding allows Lennox to retain 1,118 jobs with an average wage of \$18.65 per hour.

**Regents Institution Appropriation** – The Board approved the recommendation by the Due Diligence Committee that the Regents receive \$5.7 million in FY 2004 and \$4.3 million in FY 2005. This is \$3.0 million less than the amount appropriated in the Act for those years due to lower than anticipated revenues to the Grow Iowa Values Fund. The funds will be allocated proportionally as specified in the Act. The University of Iowa and Iowa State University will each receive two-fifths of the allocation and the University of Northern Iowa will receive one-fifth.

## Grow Iowa Values Review Commission

The responsibilities of the Grow Iowa Values Review Commission include, but are not limited to, the following:

- Analyze all annual reports of the Grow Iowa Values Board to determine if the goals and performance measures set have been met.
- Submit a report to the Grow Iowa Values Board, the Department of Economic Development, and the General Assembly, including findings, itemized by Grow Iowa Values geographic regions, regarding whether the goals and performance measures were met.
- The report will include recommendations regarding the continuation, elimination, or modification of any programs receiving moneys from the Grow Iowa Values Fund, and whether moneys should continue to be appropriated to and from the Grow Iowa Values Fund.

**Update through December 2003** – The Commission has not yet met.

## Loan and Credit Guarantee Advisory Board

The responsibilities of the Loan and Credit Guarantee Advisory Board include, but are not limited to, the following:

- Provide the Department of Economic Development with technical advice, including rule recommendations, regarding the administration of the Loan and Credit Guarantee Program.
- Review and provide recommendations to the Department of Economic Development regarding all applications under the Loan and Credit Guarantee Program.

**Update through December 2003** - The Board has met three times and has met with the United States Department of Agriculture/Rural Development, the Small Business Administration, the Independent Bankers Association, and the Iowa Bankers Association to prepare recommendations on rules to govern the Program.

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Administrative rules were then drafted and approved by the Loan and Credit Guarantee Advisory Board and the Department of Economic Development Board. A public hearing is scheduled for January 16, 2004 on the proposed rules.

### **Economic Development Marketing Board**

The responsibilities of the Economic Development Marketing Board include, but are not limited to, the following:

- Administer and implement the approval process for marketing strategy proposals to select a strategy for the Department of Economic Development to administer.
- Submit a recommendation regarding the marketing proposal to the Grow Iowa Values Board.

**Update through December 2003** – The Economic Development Marketing Board has met 11 times and after researching the history of the Department's marketing efforts and conducting a branding exercise, the Board created and issued a request for proposal (RFP) to potential marketing providers to engage the services of a full service marketing communication agency or agencies to provide input into the strategic marketing plan. The process involved contacting 89 agencies directly with the RFP and providing several postings of the available RFP. Over 900 downloads of the RFP were made via the Internet and 13 agencies responded. A comprehensive review of the proposals resulted in an invitation for five agency finalists to present. Negotiations with the finalist agency are currently underway. The IDEB board will vote on approval of the contract on January 15, 2004. Six public input/listening sessions will be scheduled in February to hear the concerns and views of various constituent groups and the general public to consider when shaping the marketing strategy. A strategy will be presented to the Grow Iowa Values Board for their approval sometime in the first quarter of 2004.

More information on the Grow Iowa Values Fund may be obtained through the Department of Economic Development web site:

<http://www.state.ia.us/ided/ivfboards.html>

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**SALARIES AND COLLECTIVE BARGAINING**

The State of Iowa completed negotiations with the eight unions representing State employees for salaries and benefits by the winter of 2003 for FY 2004 and FY 2005. Chapter 20, Code of Iowa, establishes the framework and timeline for the bargaining process. The basic deadlines are:



- August through September – Unions request bargaining.
- November through December – Unions and the State present initial proposals.
- January through March – Negotiation sessions occur, which may include the appointment of a mediator, fact finding, and binding arbitration.
- March 15 – Deadline for impasse procedure and filing of neutrals award if required.

The estimated FY 2005 cost to the General Fund, compared to estimated net FY 2004, due to the collective bargaining agreements and an increase in other costs, is \$69.4 million. *The Governor’s recommended budget for FY 2005 does not contain any additional funding for salaries.* The Governor made an appropriation adjustment of \$15.2 million from the Department of Human Services, Medical Assistance (Medicaid) Program to the Salary Adjustment Fund on August 4, 2003. That amount is now included in the FY 2004 State agencies’ budgets and continues to be available to the agencies for FY 2005.

The following table is a summary of the agreements between the State and the eight collective bargaining units. The table contains only a summary of the major points. Copies of the agreements and estimates of the fiscal impact are available from the Fiscal Services Division of the Legislative Services Agency upon request. Since collective bargaining agreements cover two years, there will be no collective bargaining negotiations during the 2004 Legislative Session.

**FY 2004 AND FY 2005 COLLECTIVE BARGAINING UNIT AGREEMENTS**

| Bargaining Unit  | FY 2004   |  | FY 2005   |                          |
|--|---|--|---|--------------------------|
|  | Wages   | Benefits   | Wages   | Benefits                 |
| <b>United Faculty of Iowa (UFI)</b>  | 3.5% average pay increase effective July 1, 2003. | Status quo on benefits.  | 3.5% average pay increase effective July 1, 2004. | Same as FY 2004.         |
| <b>Committee to Organize Graduate Students (COGS) – University of Iowa</b> | Status quo.                                       | \$750 towards tuition (equivalent to 2.9% increase in pay).<br><br>Status quo on health insurance. | Same as FY 2004.                                  | \$1,500 towards tuition. |

## Salaries and Collective Bargaining

| Bargaining Unit  | FY 2004  |   | FY 2005  |  |
|--|--|---|--|--|
|  | Wages  | Benefits  | Wages  | Benefits   |
| <b>State Police Officers Council (SPOC)</b>                              | 2.0% across-the-board increase effective July 1, 2003.<br><br>3.5% steps for eligible employees. | Change work shifts to 8.5-hour days from 9.0 with effect of reducing work by 15 days per year effective July 1, 2003.<br><br>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$50 per month (additional \$300 per year) effective July 1, 2003. | 2.0% across-the-board increase July 1, 2004.<br><br>3.5% steps for eligible employees. | Same as FY 2004.   |
| <b>Iowa United Professionals (IUP) - Science</b>                         | 2.0% across-the-board increase effective July 1, 2003.<br><br>4.5% steps for eligible employees. | Employer continues to pay 72.0% of family health insurance premium for Deductible 3 Plus towards the family plan of the employee's choice.  | 2.0% across-the-board increase effective January 1, 2005.                              | Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$25 per month (\$300 per year) effective January 1, 2005.<br><br>Move to a higher pay plan (000) with employees at maximum step receiving 4.5% increase effective November 1, 2004. |
| <b>Service Employees International Union (SEIU) – University of Iowa</b> | 6.5% average pay increase effective July 1, 2003.  | Status quo on benefits.   | 6.4% average pay increase effective July 1, 2004.                                      | Same as FY 2004.   |

## Salaries and Collective Bargaining

| Bargaining Unit  | FY 2004   |  | FY 2005  |  |
|--|---|--|--|--|
|  | Wages   | Benefits   | Wages  | Benefits   |
| <b>Iowa United Professionals (IUP) – Social Services</b>   | <p>2.0% across-the-board increase effective July 1, 2003.</p> <p>4.5% steps for eligible employees.</p> | <p>Employer continues to pay 72.0% of family health insurance premium for Deductible 3 Plus towards the family plan of the employee's choice.</p>  | <p>2.0% across-the-board increase effective September 1, 2004.</p>   | <p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$25 per month (\$300 per year) effective January 1, 2005.</p> <p>Move to a higher pay plan (000) with employees at maximum step receiving 4.5% increase effective November 1, 2004.</p>  |
| <b>American Federation of State, County, and Municipal Employees (AFSCME) – General Government and Community Based Corrections (CBC)</b> | <p>2.0% across-the-board increase effective July 1, 2003.</p> <p>4.5% steps for eligible employees.</p> | <p>Employer pays 82.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 80.0%, effective January 1, 2004.</p> <p>Include domestic partners in health and dental insurance.</p> <p>Adds mail order prescription benefit effective January 1, 2003.</p> <p>Adds \$15 Office Visit Co-Pay to Program 3 Plus and Iowa Select.</p> | <p>2.0% across-the-board increase effective the first day of the pay period that includes January 1, 2005.</p> <p>Increase pay range maximums by 2.0% effective January 1, 2005.</p> <p>4.5% steps for eligible employees.</p> | <p>Employer pays 85.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 80.0%, effective January 1, 2005.</p> <p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$50 per month (additional \$300 per year) effective January 1, 2005.</p> <p>Employer pays 50.0% towards a family dental plan, including domestic partners, effective January 1, 2005.</p> |

## Salaries and Collective Bargaining

| Bargaining Unit        | FY 2004   |  | FY 2005  |   |
|------------------------|---|--|--|---|
|                        | Wages   | Benefits   | Wages  | Benefits  |
| <b>Judicial AFSCME</b> | <p>2.0% across-the-board increase effective July 1, 2003.</p> <p>4.5% steps for eligible employees.</p> | <p>Employer pays 82.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 80.0%, effective January 1, 2004.</p> <p>Include domestic partners in health and dental insurance.</p> <p>Adds mail order prescription benefit effective January 1, 2003.</p> <p>Adds \$15 Office Visit Co-Pay to Program 3 Plus and Iowa Select.</p> | <p>2.0% across-the-board increase effective January 1, 2005.</p> <p>4.5% steps for eligible employees.</p> | <p>Employer pays 85.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 80.0%, effective January 1, 2005.</p> <p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$50 per month (additional \$300 per year) effective January 1, 2005.</p> <p>Move to a higher pay plan (000) with employees at maximum step receiving 4.5% increase effective November 1, 2004.</p> |

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## INFRASTRUCTURE FUNDING

The State of Iowa owns 52.0 million gross square feet of building space. **Table 1** is a breakdown the square footage of building space owned by State agencies. The Department of Administrative Services coordinates the maintenance and construction for all State agencies except for the Board of Regents and the Departments of Transportation, Public Defense, Natural Resources, the Judicial Branch, and the Department for the Blind.

**Table 1**

| <u>State Agency</u>     | <u>Gross Sq. Ft. of<br/>State-Owned Buildings</u> | <u>Percent<br/>of Total</u> |
|-------------------------|---|-----------------------------|
| Board of Regents        | 32,537,351  | 62.5%                       |
| Administrative Services | 11,133,714  | 21.4%                       |
| Transportation          | 3,541,684   | 6.8%                        |
| Public Defense          | 2,685,063   | 5.2%                        |
| Natural Resources       | 1,923,600   | 3.7%                        |
| Judicial Branch         | 124,000   | 0.2%                        |
| Blind                   | 100,000   | 0.2%                        |
| <b>Total</b>            | <b>52,045,412</b>                                 | <b>100.0%</b>               |

In FY 2000, the Department of Administrative Services completed a comprehensive inventory of state-owned infrastructure that included a detailed assessment of the structural and internal needs of the facilities. The assessment identified major maintenance and improvement needs of State facilities under the purview of the Department of Administrative Services. According to the assessment, there was over \$480.0 million of facility improvement needs at State facilities.



In an effort to address the facility improvements needs, the General Assembly began to appropriate funds annually for major maintenance and routine maintenance. However, in FY 2003, funding for routine maintenance was deappropriated due to the State's General Fund budget difficulties. **Table 2** shows the appropriations for major and routine maintenance since FY 2000.

**Table 2**  
**Maintenance Funding**  
(Dollars in Millions)

|                     | <u>Actual<br/>FY 2000</u> | <u>Actual<br/>FY 2001</u> | <u>Actual<br/>FY 2002</u> | <u>Actual<br/>FY 2003</u> | <u>Estimated<br/>FY 2004</u> | <u>Gov. Rec.<br/>FY 2005</u> |
|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|------------------------------|
| Major Maintenance   | \$ 6.7                    | \$ 10.5                   | \$ 11.5                   | \$ 15.8                   | \$ 16.7                      | \$ 62.0                      |
| Routine Maintenance | 0.8                       | 2.0                       | 2.0                       | 0                         | 1.7                          | 4.0                          |
| <b>Total</b>        | <b>\$ 7.5</b>             | <b>\$ 12.5</b>            | <b>\$ 13.5</b>            | <b>\$ 15.8</b>            | <b>\$ 18.4</b>               | <b>\$ 66.0</b>               |

The Governor's Vertical Infrastructure Advisory Committee prioritizes the major maintenance projects and allocates the funds to the various projects. The projects are then submitted to the Governor for approval. The routine maintenance appropriation is

## Infrastructure Funding

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allocated to the State agencies based on the total square footage of building space under the control of each agency.

## Infrastructure Funding

In Iowa, State funding for construction and improvements of vertical infrastructure is provided through either direct appropriations or through the issuance of debt. Appropriations for infrastructure projects are typically made from either the Rebuild Iowa Infrastructure Fund (RIIF) or the Restricted Capital Funds Account of the Tobacco Settlement Trust Fund. The type of debt used has involved the issuance of revenue bonds and certificates of participation (a type of lease purchase). In the case of revenue bonds, a dedicated revenue source is pledged for the repayment of the bonds. Certificate of participation debt service has been paid with appropriated funds.



The amount of new funding available for facility maintenance and construction for the next four years will be extremely limited compared to previous years' spending. This is due to a combination of factors which includes: the transfer of wagering tax revenues from the RIIF to the General Fund; the transfer of expenditures typically funded from the General Fund to the RIIF and the Restricted Capital Fund; and the uncertainty surrounding the pending Iowa Supreme Court decision related to the tax rate reduction at pari-mutuel racetracks.

## Governor's Recommended Changes to the Rebuild Iowa Infrastructure Fund

- ❖ The Governor's recommendation for the RIIF includes increased revenue of \$28.6 million per year for FY 2004 and FY 2005. The increase is based on the Governor's proposed changes to the Wagering Tax structure. Details of the changes are not yet available.
- ❖ The Governor is recommending the transfer of the Cash Reserve and Economic Emergency Fund interest to the General Fund in FY 2005. Current law requires the interest to be credited to the RIIF. The interest is estimated at \$5.0 million for FY 2005.
- ❖ The Governor is recommending a total of \$65.6 million in appropriations from the RIIF for FY 2005. This includes an increase to the Environment First Fund appropriation from \$35.0 million to \$40.0 million for FY 2005.

The following table shows the Governor's recommended changes for the RIIF for FY 2005. A list of the FY 2005 recommendations by State agency is included in the Transportation, Infrastructure, and Capitals Appropriations Subcommittee section of this document.

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**Rebuild Iowa Infrastructure Fund**

(Dollars in Millions)

|                                       | Actual<br>FY 2003 | Estimated<br>FY 2004 | Gov. Rec.<br>FY 2005 |
|---------------------------------------|-------------------|----------------------|----------------------|
| <b>Resources</b>                      |                   |                      |                      |
| Balance Forward                       | \$ 13.9           | \$ 1.2               | \$ 0.4               |
| Wagering Tax                          | 27.6              | 34.9                 | 36.8                 |
| Adjustment to Gaming Tax Structure    | 0.0               | 28.6                 | 28.6                 |
| Wagering Tax Transfer to General Fund | -15.5             | -10.0                | 0.0                  |
| Interest                              | 1.0               | 2.0                  | 2.0                  |
| Cash Reserve Fund Approp.             | 2.2               | 0.0                  | 0.0                  |
| Marine Fuel Tax                       | 2.3               | 2.3                  | 2.3                  |
| Revenue Adjustment                    | -0.7              | 0.0                  | 0.0                  |
| <b>Total Resources</b>                | <b>\$ 30.8</b>    | <b>\$ 59.0</b>       | <b>\$ 70.1</b>       |
| <b>Appropriations</b>                 |                   |                      |                      |
| Environment First Fund Standing       | \$ 18.4           | \$ 35.0              | \$ 40.0              |
| Other Appropriations                  | 11.2              | 23.6                 | 25.6                 |
| <b>Total Appropriations</b>           | <b>\$ 29.6</b>    | <b>\$ 58.6</b>       | <b>\$ 65.6</b>       |
| <b>Ending Balance</b>                 | <b>\$ 1.2</b>     | <b>\$ 0.4</b>        | <b>\$ 4.4</b>        |

The sum of the numbers may not equal totals due to rounding.

**Governor's Restricted Capital Fund Recommendations**

- ❖ The Governor is recommending a total of \$73.6 million of appropriations from the Restricted Capital Fund for FY 2005. This includes \$17.9 million in appropriations enacted during prior legislative Sessions, \$28.9 million in scheduled debt service payments on outstanding bonds, and \$38.6 million in new appropriations. The recommendation also includes a deappropriation of \$11.7 million in FY 2005 and \$11.7 million in FY 2006 for an appropriation to the Department of Correction for the construction of 170-bed special needs unit at the Iowa Medical and Classification Center at Oakdale. These funds were appropriated from a prior legislative session.
- ❖ The Governor's recommendation provides a projected FY 2005 ending balance of \$40.2 million. However, there are \$33.2 million of scheduled debt service payments that are required to be appropriated from the Fund in FY 2006 and FY 2007.

**Restricted Capital Fund  
of the Tobacco Settlement Trust Fund**

(Dollars in Millions)

|                              | Actual<br>FY 2003 | Estimated<br>FY 2004 | Gov. Rec.<br>FY 2005 |
|------------------------------|-------------------|----------------------|----------------------|
| <b>Resources</b>             |                   |                      |                      |
| Balance Forward              | \$ 425.7          | \$ 253.2             | \$ 110.1             |
| Interest                     | 14.8              | 7.5                  | 3.8                  |
| TSA Operations               | -0.4              | -0.4                 | -0.2                 |
| Total Available Resources    | <u>\$ 440.1</u>   | <u>\$ 260.3</u>      | <u>\$ 113.8</u>      |
| <b>Appropriations</b>        |                   |                      |                      |
| Enacted Appropriations       | \$ 158.2          | \$ 121.1             | \$ 17.9              |
| New Recommendations          | 0.0               | 0.0                  | 38.6                 |
| Recommended Deappropriations | 0.0               | 0.0                  | -11.7                |
| Debt Service Payments        | 29.0              | 29.1                 | 28.9                 |
| Total Expenditures           | <u>\$ 187.2</u>   | <u>\$ 150.1</u>      | <u>\$ 73.6</u>       |
| Reversions                   | -0.3              | 0.0                  | 0.0                  |
| Ending Balance               | <u>\$ 253.2</u>   | <u>\$ 110.1</u>      | <u>\$ 40.2</u>       |

TSA = Tobacco Settlement Authority

The sum of the numbers may not equal totals due to rounding.

**Governor's \$300.0 million Bonding Proposal**

- ❖ The Governor is recommending issuing \$300.0 million in bonds and depositing the proceeds into a Capital Bonding Account. The Account will be used to Fund projects associated with economic development and capital improvements. The Governor is using this funding source to appropriate \$146.5 million for capital projects and \$150.0 million for two economic development programs. The projects and programs are listed below:
  - ❖ Vision Iowa Grant Program: \$100.0 million
  - ❖ Cultural and Tourism Grant Program: \$50.0 million
  - ❖ Administrative Services – Major Facility Maintenance: \$62.0 million
  - ❖ Administrative Services – ADA Improvements: \$7.2 million
  - ❖ Administrative Services – Records/Property Building Renovation: \$9.7 million
  - ❖ Corrections – Oakdale Expansion: \$23.4 million
  - ❖ Corrections – Davenport CBC Residential Facility: \$10.5 million
  - ❖ Iowa Public Television – Digital Conversion: \$18.3 million
  - ❖ Regents – Major Maintenance: \$15.4 million
- ❖ The Governor is proposing to use State Wagering Tax revenue for the repayment of the bonds. The first year's interest will be capitalized resulting in the first debt service payment becoming due in FY 2006. The estimated debt service on a \$300.0

million bond issue will total approximately \$24.0 million annually. The Governor's bonding recommendation is contingent upon the following:

- ❖ The State prevailing in the lawsuit against the Racing Association of Central Iowa (RACI). The case is pending at the Iowa Supreme Court.
- ❖ The State Wagering Tax rates are adjusted to generate sufficient revenues to pay the debt service.

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## PUBLIC RETIREMENT SYSTEMS COMMITTEE

The Public Retirement Systems Committee is a 10-member legislative committee tasked with the responsibility to examine and make recommendations to the Iowa General Assembly concerning public retirement systems in Iowa. Section 97D.4(3), Code of Iowa, establishes the duties of the committee. The Committee will hold a third meeting on January 26, 2004, concerning recommendations to the General Assembly for the 2004 Session. The General Assembly addresses retirement system issues during the second year of each biennium, and as needed. Interested parties make recommendations for the Legislature to consider.

### Retirement Systems

The public retirement systems in Iowa include:

- ▶ **Iowa Public Employees Retirement System – IPERS:** The membership includes 159,060 active and 71,398 retirees that are employees of State, county, and city governments; other political subdivisions; or agencies, and school districts. Special groups within the System include:
  - ◆ Sheriffs and Deputy Sheriffs.
  - ◆ Protection Occupations - airport safety officers; conservation peace officers; city marshals, fire fighters, police officers and fire prevention inspectors not under the Municipal Fire and Police Retirement System of Iowa (MFPRSI); correctional officers; and Department of Transportation (DOT) peace officers.
- ▶ **Judicial Retirement System:** The membership includes 194 active and 102 retired Supreme Court, Court of Appeals, District Court, District Associate, and Associate Juvenile judges.
- ▶ **Department of Public Safety Peace Officers' Retirement, Accident, and Disability System – PORS:** The membership includes 600 active and 379 retired peace officers of the Department of Public Safety including uniformed officers of the State Patrol, Division of Criminal Investigation (DCI) officers, drug enforcement officers, arson investigators, and fire prevention inspectors.
- ▶ **Municipal Fire and Police Retirement System of Iowa - MFPRSI or 411s:** The membership includes 3,825 active and 2,446 retired police officers and firefighters in cities with a population of 8,000 or more in 1980, and other cities that voluntarily established a civil service commission.
- ▶ **Teachers' Insurance and Annuity Association - College Retirement Equities Fund - TIAA-CREF:** The membership includes 22,669 active members that are University, Board of Regents, and some community college employees.



## Public Retirement Systems Committee

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### Types of Plans

- ▶ The IPERS, Judicial Retirement, PORS, and MFPRSI are “defined benefits plans,” meaning the future pension benefits are set and the contributions by employers and employees are adjusted based on actuarial evaluations so funds will be available to pay retirees’ benefits. The IPERS, Judicial Retirement System, and TIAA-CREF retirees receive Social Security benefits. The PORS and MFPRSI retirees do not.
- ▶ The TIAA-CREF is a “defined contribution plan,” meaning the contributions are fixed and pension benefits are determined at retirement based on contributions and investment income gains and losses.



### FY 2004 Contribution Rates

|                         | <u>Employee<br/>Percent</u> | <u>Employer<br/>Percent</u> | <u>Total<br/>Percent</u> |
|-------------------------|-----------------------------|-----------------------------|--------------------------|
| IPERS                   |                             |                             |                          |
| Regular                 | 3.70 %                      | 5.75 %                      | 9.45 %                   |
| Sheriffs & Dep.         | 4.99                        | 7.48                        | 12.47                    |
| Protection Occup.       | 5.93                        | 8.90                        | 14.83                    |
| Judicial Retirement (1) | 5.00                        | 9.71                        | 14.71                    |
| PORS                    | 9.35                        | 17.00                       | 26.35                    |
| MFPRSI/411s (2)         | 9.35                        | 20.48                       | 29.83                    |
| TIAA-CREF (3)           | 5.00                        | 10.00                       | 15.00                    |

(1) Section 602.9104(4b), Code of Iowa, requires an employer contribution of 23.7%. That section was notwithstanding in HF 2627 (FY 2003 Second Omnibus Appropriations Act).

(2) The State also contributed \$2.7 million in FY 2004.

(3) The employee contribution rate is 10.0% for the first \$4,800 of salary for staff members with less than five years of services and 15.0% on all additional salary.



### Unfunded Actuarial Liability (UAL)

- ▶ **Iowa Public Employees' Retirement System (IPERS)** – The unfunded actuarial liability was determined to be \$1.9 billion at the end of FY 2003 using the Entry Age Normal Cost Method.
- ▶ **Judicial Retirement System** – The unfunded actuarial liability was determined to be \$23.5 million at the end of FY 2003 using the Projected Unit Credit Cost Method.
- ▶ **Department of Public Safety Peace Officers' Retirement, Accident, and Disability System – PORS** – The unfunded actuarial liability was determined to be \$59.7 million at the end of FY 2003 using the Projected Unit Credit Cost Method.
- ▶ **Municipal Fire and Police Retirement System of Iowa – MFPRSI or 411s** – The System uses the Aggregate Cost Method and does not calculate a separate actuarial accrued liability. The actuarial value of plan assets is \$173.9 million less than the present value of all accrued benefits at the end of FY 2003.

### Proposed Recommendations

**Iowa Public Employees' Retirement System (IPERS)** – The following are recommendations from; the Asset/Liability Study that IPERS has performed every few years, IPERS Benefit Advisory Committee, the Governor, Iowa State Sheriffs' and Deputies Association, and the Iowa Association of School Boards.

- ▶ **Asset/Liability Study Proposals:** The proposals are not IPERS recommendations per se, but options for resolving IPERS long term funding problem. The Asset/Liability Study that IPERS had performed assumed implementation of any proposal on July 1, 2005 (FY 2006), with options designed to provide that the amortization period for paying the system's unfunded liability be thirty years by 2014.



◆ Increased Contribution rates:

- Raise combined contribution rates to 13.25% from the current 9.45%.
- Benefit structure for current and future IPERS members should be maintained.

◆ Alternative Plan Design 1 with Increased Contribution Rates:

- Raise combined contribution rates to 12.0%.
  - Transfer 50.0% of the Favorable Experience Dividend (FED) reserve fund back to general IPERS Trust Fund.
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## Public Retirement Systems Committee

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- Modify plan design for both current and future members by changing the multiplier from 2.0% to 1.9% on future accruals for the first 30 years of service.
- Modify plan design for future members only:
  - ◆ Actuarial equivalence for early retirement.
  - ◆ Eliminate Rule of 88.
  - ◆ Use high five years, rather than the current high three, of final average earnings in calculating retirement benefit.
- ◆ Alternative Plan Design 2 with Increased Contribution Rates:
  - Raise combined contribution rates to 12.0%.
  - Transfer 50.0% of the Favorable Experience Dividend (FED) reserve fund back to general IPERS Trust Fund.
  - Modify plan design for both current and future Members:
    - ◆ Multiplier changed from 2.0% to 1.8% for first 30 years (1.0% thereafter for five years) - future accruals only.
    - ◆ Actuarial equivalence for early retirement (phased in for current members).
  - Modify plan design for future Members only:
    - ◆ Eliminate Rule of 88.
    - ◆ Use high five years, rather than the current high three, of final average earnings in calculating retirement benefit.

### ▶ **IPERS Benefit Advisory Committee (BAC)**

- ◆ Beginning July 1, 2005 (FY 2006), raise contribution rates to 13.45% by phasing in the increases over four years at 1.0% a year.
  - ◆ Maintain the current benefit structure for current members and new hires.
  - ◆ Maintain the 60/40 sharing split between employer and employee contribution rates.
  - ◆ Allow IPERS to adjust contribution rates (up or down) in the future if/when the actuary signals the need for such a change.
-

► **Governor's Recommendations on IPERS**

- ◆ *Beginning July 1, 2005 (FY 2006), raise contribution rates to 13.45% by phasing in the increases over four years at 1.0% a year.*
- ◆ *For new hires, require benefits to be reduced for early retirement based upon an actuarially determined cost rather than the current 3.0% reduction for each year the person would be retired before reaching the normal retirement age.*
- ◆ *For new hires, use a member's high five years, and not three, in calculating the retirement benefit.*

► **Iowa State Sheriffs' and Deputies Association**

- ◆ Lower the retirement age for members of the sheriffs and deputies public safety group in IPERS from age 55 to age 50.



► **Iowa Association of School Boards**

- ◆ Limit the increase in total contributions to the retirement fund to the level recommended by the asset/liability study, 13.25%.
- ◆ The employer and the employee should share equally in any contribution rate increases.
- ◆ Phase in any required rate increases over a number of years in order to lessen the impact with the phase-in starting no earlier than July 1, 2005 (FY 2006).
- ◆ Give school districts alternative funding sources, including use of management levy funds to fund IPERS costs.
- ◆ Do not amend the statute to allow IPERS to automatically adjust contribution rates if a change occurs in IPERS normal cost in the future.
- ◆ Schools should be permitted to reduce the amount of funds that are considered available to pay for salaries and benefits during contract negotiations by the increase in the cost to the schools of funding any contribution rate increase.

Additional information is available from the LSA upon request.

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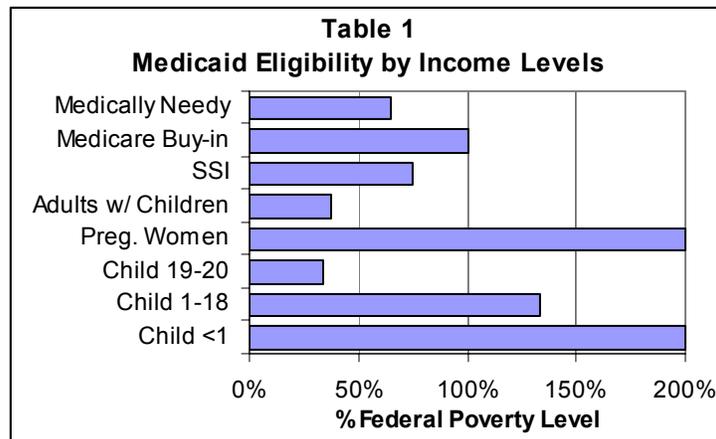
## MEDICAL ASSISTANCE PROGRAM (MEDICAID)

Medicaid is a Medical Assistance Program funded jointly by State and federal funds to provide health care services to people with low-income and few resources. Medicaid covers low-income people who are also aged, blind, disabled, pregnant, children under age 21, or members of families with dependent children. For Federal Fiscal Year 2005, the federal matching rate is 63.64%.



### Iowa's Medical Assistance Program

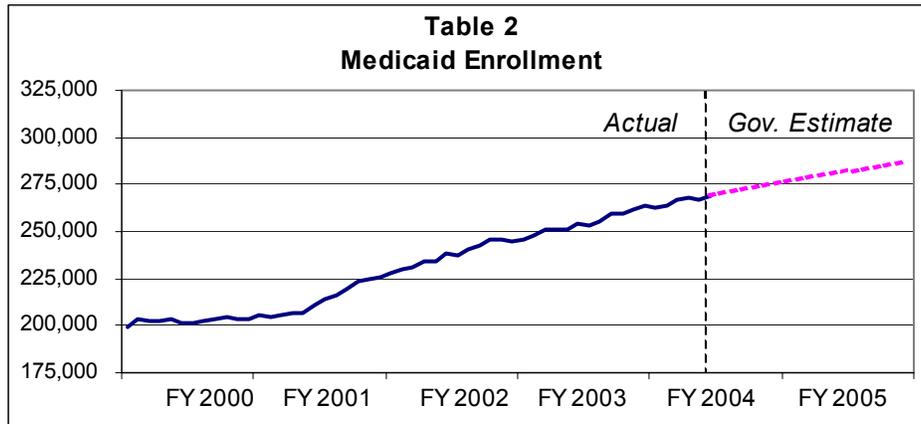
The Iowa Medicaid Program covers individuals at various levels of income as allowed under federal law. **Table 1** shows the maximum income level for children, pregnant women, adults with dependent children, people receiving Supplemental Security Income (SSI), the Medicare Buy-in Program, and the Medically Needy Program. The income levels are based on the percentage of the Federal Poverty Level. The Federal Poverty Level is calculated annually by the federal government and varies by the size of the household. The Federal Poverty Level for a family of 4 is \$18,400.



In September 2003, 267,000 Iowans were enrolled in Medicaid. Of this amount, 51.0% were children, 20.9% were adults with dependent children, 17.2% were disabled and 10.9% were over age 65. Fiscal Year 2003 State expenditures totaled \$531.0 million, which were matched by approximately \$1.5 billion in federal funds, for a total of \$2.0 billion in expenditures. Of the total expenditures, 16.6% was for children, 9.2% was for adults with dependent children, 45.3% was for the disabled and 28.8% was for adults over age 65. While children account for approximately half of the enrollment, they consume less than 17.0% of Medicaid resources. Adults over age 65 and the disabled, on the other hand, account for 28.1% of enrollment but utilize 74.2% of expenditures.

## Medical Assistance Program (Medicaid)

### State Medicaid Expenditures



Medicaid programs throughout the nation have been experiencing significant growth attributed to economic conditions and increases in the cost of services. **Table 2** shows the enrollment growth in Iowa over the past three years. Enrollment began to increase significantly in December 2000. Average enrollment increased by 11.3% in FY 2002 and by 7.2% in FY 2003. Enrollment is projected to continue to increase in FY 2004 and FY 2005. *The Governor is estimating Medicaid enrollment will increase by 5.9% in FY 2004 and 4.5% in FY 2005.*

**Table 3**  
**Medicaid Expenditures**

|                                     |                  |
|-------------------------------------|------------------|
| FY 2002 - Actual                    | \$ 516.0 million |
| FY 2003 - Actual                    | 531.0 million    |
| FY 2004 Estimated Net Appropriation | 536.7 million    |
| FY 2005 Governor's Recommendation   | 590.6 million    |

In Iowa, Medicaid expenditures increased by 11.2% in FY 2002 and by 6.4% in FY 2003 if the one-time increase in the Federal match rate is not included. **Table 3** shows actual State expenditures for Medicaid for FY 2002 and FY 2003, the appropriation for FY 2004, and the Governor's recommendation for expenditures in FY 2005. The FY 2004 appropriation reflects the Governor's transfer of \$15.2 million from Medical Assistance to the Salary Adjustment Fund. After the transfer, the FY 2004 appropriation includes:

- \$333.5 million from the General Fund.
- \$132.3 million from the Senior Living Trust Fund.

## Medical Assistance Program (Medicaid)

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- \$35.3 million from the Healthy Iowans Tobacco Trust Fund.
- \$29.0 million from the Hospital Trust Fund.
- \$6.6 million from Property Tax Relief.

The staffs of the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA meet monthly to discuss current enrollment and expenditure data in the Medicaid Program and set a range for projected FY 2004 expenditures. At the December 2003 meeting, the group agreed to a range of a surplus of \$12.2 million to a deficit of \$5.0 million for FY 2004. For FY 2005, the group agreed to a range of an increase in expenditures of \$70.0 to \$102.0 million compared to the estimated net FY 2004 appropriation.

*For FY 2005, the Governor is recommending an increase of \$53.9 million compared to the estimated net FY 2004 appropriation from all State funding sources. The increase includes:*

- *An increase of \$57.9 million from the State General Fund.*
- *An increase of \$6.0 million from the Hospital Trust Fund.*
- *A decrease of \$10.0 million from the Senior Living Trust Fund.*

As mentioned above, the recommended funding level provides for enrollment growth of 5.9% in FY 2004 and 4.5% in FY 2005. In addition, it includes \$5.0 million in anticipated savings from the Preferred Drug List in FY 2005 and shifts \$10.0 million of expenditures from the Senior Living Trust Fund to the General Fund in FY 2005.

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## CHILD WELFARE AND JUVENILE JUSTICE REFORM

Senate File 453 (FY 2004 Reinvention of Government Act) required the Department of Human Services (DHS) to redesign the State's Child Welfare and Juvenile Justice Systems in a manner that provides for an outcomes-based system with a continued focus on the safety and well-being of at-risk children and families. The Act required implementation of the redesign to begin in January 2004.



Six purposes for the redesign were identified in the Act, ranging from safety for children to accountability to communities. The Act also included guiding design principles and required that a Stakeholder Panel and a Legislative Monitoring Committee be established to provide feedback and oversee the redesign process. In addition, the Act required the Governor to reduce the Department's General Fund appropriations made in HF 667 (FY 2004 Health and Human Services Appropriations Act) by \$10.0 million by January 2004, but did not specify where the reductions were to occur.

### Redesign Committees, Meetings, and DHS Efforts

- ▶ **Stakeholder Panel** - In May 2003, the DHS established a 65-member Stakeholder Panel that included child welfare advocates, foster and adoptive parents, social service providers, and court representatives to ensure that those who have a stake or interest in the System had a voice in the redesign process and an opportunity to provide honest and open feedback regarding concepts and proposed design elements.

The Panel met seven times during 2003 to review information and to provide input on three redesign draft proposals that were compiled over a six-month period. Provider interface panels were also held to give providers with current State contracts for child welfare and juvenile delinquency services an opportunity for additional input.



- ▶ **Town Meetings, Focus Groups, and Interviews** - In June and July 2003, the DHS conducted a listening phase for the redesign process by holding a series of public town meetings in each of the Department's eight services areas; convening 25 focus group meetings, and conducting more than 40 individual interviews with children, biological, foster, and adoptive parents, DHS employees, and providers.

The DHS also created an information and feedback section on the Department's web site to provide an opportunity for public input and access to all redesign information at: [www.dhs.state.ia.us/BetterResultsforKids/default.asp](http://www.dhs.state.ia.us/BetterResultsforKids/default.asp).

- ▶ **Project Team** - The DHS established an 11-member Team that included DHS staff and a chief juvenile court officer who were assigned the primary responsibility of

## Child Welfare and Juvenile Justice Reform

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planning, designing, and executing the project. The Team used the design ideas provided from the Design Retreat held in August 2003 and built the ideas into a modified design based on comments received from the Stakeholder Panel.

- ▶ **Steering Committee** - DHS Director Concannon appointed a Steering Committee to advise and consult on all aspects of the redesign that began meeting in July 2003.



- ▶ **Design Retreat** - A team of 16 individuals met in August 2003 to brainstorm and provide ideas for the redesign. The team consisted of three members from the DHS, three members from Juvenile Court Services, three members from the Public Strategies Group (PSG), six individuals from outside the State that work in child welfare services, and one individual from outside the child welfare field.

- ▶ **Legislative Monitoring Committee** - In August 2003, the Legislative Monitoring Committee appointed to oversee the redesign as specified in SF 453 began meeting to review the progress of the project and to provide additional input. Committee members include Senators Tinsman, Veenstra, Hatch, Seymour, and Ragan, and Representatives Heaton, Boal, Foege, Upmeyer, and Heddens.

The Committee met four times to review and discuss each of the redesign proposals; the services purchased with State funds appropriated for Child and Family Services; the findings of the federal Child and Family Services Review; and discussed the Wisconsin Wraparound Milwaukee approach for child welfare services.

### Federal Child and Family Services Review

On October 14, 2003, the DHS received the report of findings from the on-site review of the State's Child Welfare System conducted by the federal Administration for Children and Families in May 2003.

The findings from the federal review and the subsequent Program Improvement Plan were considered during the redesign process.

The entire report may be accessed at:

<http://www.dhs.state.ia.us/NewsReleases/default.asp>.

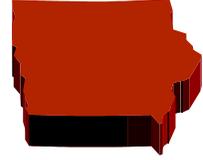


The report indicated the State is not operating in substantial conformity with certain federal child welfare standards. The federal review focused on two primary areas, including outcome measures that ensure results in safety, permanency, and well-being of at-risk children and families, and systemic measures, such as the State's infrastructure system of computer systems, staff training, and recruitment of foster and adoptive parents, which impact the State's ability to deliver services.

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Iowa was found not to be in substantial conformity in terms of the following:

- ▶ The State does not do well in preventing re-entry into the foster care system and does not meet goals in ensuring placement stability, in establishing permanency goals in a timely manner, in achieving finalized adoptions in a timely manner, and in assisting children to transition into adulthood.
- ▶ The rates of re-abuse of children and of abuse of children in foster care are too high.
- ▶ In systemic areas, the State did not meet standards on staff training, quality assurance, service array, or case reviews.



Iowa was found to be in substantial conformity in terms of the following:



- ▶ Children are safely maintained in their own homes whenever possible and appropriate, and receive appropriate services to meet educational needs.
- ▶ The State has an adequate Statewide information system, is responsive to the community, and does well in terms of licensing, recruiting, and retaining foster and adoptive parents.

The State is required to submit a Program Improvement Plan by January 14, 2004, to address each outcome and systemic factor where the State was not in substantial conformity. The State will be re-evaluated for improvement in two years.

The State could lose up to \$662,000 in federal funds due to the non-conformity findings; however, the withholding of funds is suspended during the period that covers the Program Improvement Plan. If the State is successful in correcting any of the areas that are in non-conformity, either through successful completion of the Program Improvement Plan or through a subsequent review, the withholding of funds will be rescinded in those areas.

### DHS Budget Reduction

In December 2003, the appropriation for Child and Family Services was reduced by \$10.0 million in order to implement the reduction required by SF 453 (FY 2004 Reinvention of Government Act).

The General Fund reduction to Child and Family Services will be managed by using one-time increases in federal funds to offset the reduction, thereby reducing the amount of State funds needed in FY 2004. The additional federal revenue will be provided from two sources, including Temporary Assistance to Needy Families (TANF) and Title XIX (Medicaid) as follows:



## Child Welfare and Juvenile Justice Reform

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- ▶ \$4.0 million in TANF funds. These funds have already been appropriated to Child and Family Services; however, the funds were previously thought to be unavailable for use. The Department is working with the consulting firm, MAXIMUS, Inc., and it was determined through this process that the DHS policy used to outline TANF-eligible expenditures in Child and Family Services was more restrictive than federal guidelines allow. 
- ▶ \$5.4 million in Title XIX (Medicaid) funds. This is a one-time increase due to a federal review of Medicaid funding for several programs in Child and Family Services. A DHS error in data interface was noted that caused providers to be determined ineligible to provide Medicaid-funded services. The DHS corrected the error and filed a retroactive claim for the 24 months allowed.
- ▶ \$500,000 in enhanced federal match for Medicaid funded services allowed for only five quarters that will increase Medicaid funding for Child and Family Services in FY 2004.
- ❖ The Governor is recommending an increase of \$10.0 million for Child and Family Services for FY 2005 to restore the FY 2004 General Fund reduction that was implemented due to the requirement in SF 453 (FY 2004 Reinvention of Government Act).

### Final Redesign Proposal

The DHS published the final proposal, “A Redesign of Iowa’s Child Welfare and Juvenile Justice System,” in October 2003, and DHS Director Concannon approved the proposal in December 2003. The DHS currently has an Implementation Team in place to coordinate the implementation of the redesign with input from various task groups that include providers and juvenile justice representatives.

The direction of the final redesign proposal focuses on creating a family-centered model of practice that places more emphasis on results rather than process in order to achieve outcomes. In addition, the redesign would allow DHS workers to spend more time with families by streamlining documentation requirements. In order to achieve these goals, it will be necessary for the DHS to develop solutions that will address barriers to establishing a payment system based on outcomes versus activities.



Highlights of the recommended changes included in the final redesign proposal are summarized below:

- ▶ Improve the coordination of DHS and Juvenile Court Officer resources with those of other related government programs and local resources, including prevention services through strengthening Decategorization Governance Boards; expanding Community Partnerships for Protecting Children; partnering with the Department of
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Education Success4 Redesign; supporting the Development of Comprehensive Community Youth and Family Development Plans; and partnering with the Mental Health Developmental Disability (MHDD) Commission in the redesign of Iowa's children's mental health system.

- ▶ Complete the development work that is already underway to adopt and implement enhanced assessment approaches. Currently, both Juvenile Court Services and the DHS have task forces working on new assessment tools for each respective population. The work should be completed as soon as possible with all workers trained and assessment procedures implemented.
- 
- ▶ Implement a family-centered approach for child and family services, which includes empowering families by involving them in the decisions that are made about their own cases, as well as holding them accountable.
  - ▶ Immediately address the negative impact that existing Medicaid requirements have on desired family-centered case practice by examining the State's current agreement with the federal government for Rehabilitative Treatment Services (RTS). The goal is to explore methods for removing obstacles to family-centered practice that are attributable to the agreement.
  - ▶ Reduce the time required to complete documentation that encompasses all work related to record actions, activity descriptions, data assembly, and permission seeking by 50.0% over the next two years, focusing on two targeted areas, including a review of procedures related to Iowa Foundation for Medical Care (IFMC) approval and reviewing DHS policies to identify "streamlining" changes that could be implemented immediately.
  - ▶ The Juvenile Justice and Child Welfare Systems should both recognize a delineation between case monitoring and case coordination in that case monitoring encompasses oversight responsibilities for a case and case coordination involves direct work with the family.
- 
- ▶ Target a population of cases that presents some of the most difficult challenges and align resources to deliver the results called for in those case plans. This would involve a separate initiative focused on all cases where a child has a court order placing them in a group care setting (excluding children with developmental disabilities and those placed in Psychiatric Medical Institutes for Children (PMICs)). At any given time, there are approximately 1,200 children in group care at an annual cost of \$22.0 million for the State. This initiative is based on the belief that a high level of success with a significant proportion of the case-load population would yield results that would positively impact the entire system.

## Child Welfare and Juvenile Justice Reform

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- Commit to a definite timetable for moving the entire system to a purchasing outcomes approach for children and families. The approach must begin with the specification of a few basic outcomes, such as safety, permanency, well-being, education, rehabilitation, and community safety, then move toward collecting data on these outcomes. The next step would be to share the data on system performance with the public, and then move toward the implementation of an actual pay-for-performance system.
- Establish a quality assurance system that provides information to form the basis for a learning organization. This recommendation proposes to build on the assessment practices already in development by the DHS to create a system-wide, integrated approach to Quality Assurance; to evaluate the quality of practice and adequacy of services provided; monitor compliance with policies and procedures; and determine how well the DHS is performing for the children, adults, and families served.
- All design elements must recognize that successful transitions for children and families no matter where these individuals are in the child welfare/juvenile justice system are primary to the success of the overall design.



Information and materials related to the redesign may be accessed at the DHS web site at: [www.dhs.state.ia.us/BetterResultsforKids/default.asp](http://www.dhs.state.ia.us/BetterResultsforKids/default.asp).

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## SENIOR LIVING TRUST FUND



The Senior Living Trust Fund was established by the 2000 General Assembly to receive intergovernmental transfers from participating, government-owned nursing facilities. The funds are derived by calculating the difference between the Medicaid reimbursement rate paid to nursing facilities and the Medicare reimbursement rate, which is typically higher. The federal matching funds collected on this difference are deposited into the Fund.

Section 249H.2(2), Code of Iowa, specifies that the goal of the Senior Living Program is to create a comprehensive long-term care system that is consumer-directed, provides a balance between the alternatives of institutionally and non-institutionally provided services, and contributes to the quality of the lives of Iowans.

*The Governor is recommending that \$20.0 million be transferred from the General Fund to the Senior Living Trust Fund in FY 2004. For FY 2005, the Governor is recommending that a total of \$151.6 million be appropriated from the Fund to the Departments of Human Services, Elder Affairs, and Inspections and Appeals as follows:*

- ❖ \$121.6 million to the DHS to supplement the Medical Assistance (Medicaid) Program and to provide nursing facility provider reimbursements. This a decrease of \$10.0 million compared to the estimated net FY 2004 appropriation.
- \$20.0 million to the DHS for nursing facility conversion grants, which is no change compared to the estimated net FY 2004 appropriation.
- \$1.7 million to the DHS for reimbursements for home and community-based services under the Medicaid Elderly Waiver, which is no change compared to the estimated net FY 2004 appropriation.
- \$7.5 million to the Department of Elder Affairs for non-Medicaid home and community-based services for seniors with low and moderate incomes, which is no change compared to the estimated net FY 2004 appropriation.
- \$800,000 to the Department of Inspections and Appeals for the oversight of assisted living and adult day services programs, which is no change compared to the estimated net FY 2004 appropriation.



The Senior Living Trust Fund is a time-limited revenue source, and it is anticipated that major deposits into the Fund will decrease significantly after the first quarter of FY 2004 due to the phase-out of this intergovernmental transfer mechanism. If appropriations for future fiscal years continue at the level recommended by the Governor for FY 2005, it is projected that the Fund will be depleted in FY 2007. The following table provides revenues and expenditures for the Fund beginning with FY 2001 and projected to FY 2007.

# Senior Living Trust Fund

## SENIOR LIVING TRUST FUND PROJECTIONS (Dollars in Millions)

|  | Actual<br>FY 2001 | Actual<br>FY 2002 | Actual<br>FY 2003 | Est.<br>FY 2004 | Gov. Rec.<br>FY 2005 | Projected<br>FY 2006 | Projected<br>FY 2007 |
|--|-------------------|-------------------|-------------------|-----------------|----------------------|----------------------|----------------------|
| <b>Revenues</b>                          |                   |                   |                   |                 |                      |                      |                      |
| Beginning of SFY Fund                    | \$ 0.0            | \$ 60.9           | \$ 127.0          | \$ 368.4        | \$ 283.9             | \$ 145.1             | \$ 3.7               |
| Intergovt Transfer                       | 95.6              | 129.9             | 122.1             | 52.9            | 7.5                  | 7.5                  | 7.5                  |
| Intergovt Transfer (Hospital Trust Fund) | 0.0               | 13.2              | 0.0               | 0.0             | 0.0                  | 0.0                  | 0.0                  |
| Medicaid Transfer                        | 0.0               | 6.0               | 28.0              | 0.0             | 0.0                  | 0.0                  | 0.0                  |
| Pending Fund Transfer                    | 0.0               | 0.0               | 169.5             | 0.0             | 0.0                  | 0.0                  | 0.0                  |
| Transfer from General Fund               | 0.0               | 0.0               | 0.0               | 20.0            | 0.0                  | 0.0                  | 0.0                  |
| Interest                                 | 3.8               | 4.4               | 6.4               | 5.1             | 5.2                  | 2.7                  | 0.2                  |
| <b>Total Revenues</b>                    | <b>\$ 99.4</b>    | <b>\$ 214.4</b>   | <b>\$ 453.1</b>   | <b>\$ 446.3</b> | <b>\$ 296.7</b>      | <b>\$ 155.3</b>      | <b>\$ 11.4</b>       |
| <b>Expenditures</b>                      |                   |                   |                   |                 |                      |                      |                      |
| NF Conversion/LTC Service Grants         | \$ 0.5            | \$ 7.9            | \$ 1.8            | \$ 20.8         | \$ 20.0              | \$ 20.0              | \$ 20.0              |
| <b>DHS Service Delivery</b>              |                   |                   |                   |                 |                      |                      |                      |
| Assisted Living Rent Subsidy             | 0.0               | 0.1               | 0.3               | 0.7             | 0.7                  | 0.7                  | 0.7                  |
| HCBS Elderly Waiver                      | 0.0               | 0.7               | 0.7               | 0.7             | 0.7                  | 0.7                  | 0.7                  |
| NF Case Mix and Price Methodology        | 33.7              | 24.8              | 30.0              | 30.0            | 30.0                 | 30.0                 | 30.0                 |
| Medicaid Supplement                      | 0.0               | 48.5              | 45.5              | 101.6           | 91.6                 | 91.6                 | 91.6                 |
| DHS Administration & Contracts           | 0.3               | 0.0               | 0.0               | 0.3             | 0.3                  | 0.3                  | 0.3                  |
| DEA Service Delivery & Administration    | 4.1               | 5.3               | 6.5               | 7.5             | 7.5                  | 7.5                  | 7.5                  |
| DIA Asst'd Living & Adult Day Care       | 0.0               | 0.0               | 0.0               | 0.8             | 0.8                  | 0.8                  | 0.8                  |
| <b>Total Expenditures</b>                | <b>\$ 38.5</b>    | <b>\$ 87.3</b>    | <b>\$ 84.7</b>    | <b>\$ 162.4</b> | <b>\$ 151.6</b>      | <b>\$ 151.6</b>      | <b>\$ 151.6</b>      |
| <b>Ending Trust Fund Value</b>           | <b>\$ 60.9</b>    | <b>\$ 127.0</b>   | <b>\$ 368.4</b>   | <b>\$ 283.9</b> | <b>\$ 145.1</b>      | <b>\$ 3.7</b>        | <b>\$ -140.2</b>     |

The sum of the numbers may not equal totals due to rounding.

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## TOBACCO SECURITIZATION

On November 20, 1998, 46 states approved a settlement agreement with the four major tobacco industry manufacturers comprising 99.4% of the United States cigarette market. The manufacturers agreed to a settlement valued at \$206.4 billion to be paid over 25 years to settle tobacco-related lawsuits filed by the states. The Master Settlement Agreement covered 39 states that filed lawsuits and seven states that had yet to sue. The settlement does not apply to the four states that previously settled lawsuits.

### Industry Payments – The funding provisions of the settlement include:

- An annual industry payment in perpetuity to the 46 settling states plus \$12.7 billion for “up-front” payments. Up-front payments were distributed beginning in December 1998 and continued through January 2003. Annual payments will total \$195.9 billion through the year 2025 and will be adjusted annually for inflation and according to cigarette sales volume. Iowa’s total share will be approximately \$1.9 billion.
- \$8.6 billion for a Strategic Contribution Fund, to be paid to states over a ten-year period beginning April 2008, and to be allocated based on efforts expended to resolve the state lawsuits against tobacco companies. Iowa’s share will be approximately \$234.0 million.
- \$50.0 million for an Enforcement Fund available to states to prosecute settlement violations. Payments will be made to a national escrow agent and made available to states as needed for prosecution.
- \$1.45 billion for a sustained advertising program to counter youth tobacco use and educate consumers about tobacco related diseases. Payments will be made to a foundation that will use the funds to administer a national campaign.
- \$250.0 million to develop programs to reduce teen smoking and substance abuse and to prevent diseases associated with tobacco use. Payments will be made to a foundation that will administer a national campaign.



Iowa will receive approximately \$1.9 billion (0.87%) of the total funds allocated for distribution to the states. From FY 1998 through FY 2001, Iowa received \$144.4 million under the Master Settlement Agreement. Iowa securitized 78.0% of the payment stream in 2001. Since that time, 78.0% of the payments are made to the trustee to pay the bond obligations. The remaining 22.0% is paid directly into the Endowment for Iowa’s Health Account.



### 2000 Legislative Session

The General Assembly made the following FY 2001 appropriations from tobacco settlement funds: Healthy and Well Kids in Iowa (*hawk-i*): \$235,000; Human Services’

## Tobacco Securitization

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Provider Rates: \$26.3 million; Tobacco Cessation Programs: \$9.3 million; Healthy Iowans 2010 Programs: \$2.8 million; Substance Abuse Treatment: \$11.9 million; Community-Based Corrections Substance Abuse Treatment: \$610,000; Savings Account for Healthy Iowans: \$3.8 million; Transfer to the General Fund: \$64.6 million.

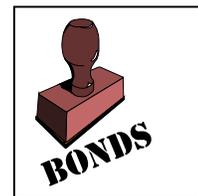
The General Assembly enacted HF 2579 (Tobacco Securitization Act), creating the Tobacco Settlement Authority with the Governing Board comprised of the Treasurer of State, the State Auditor, and the Director of the Department of Management. The Act began the process necessary for the State to sell its future tobacco settlement payments due from the Master Settlement Agreement.

### 2001 Legislative Session

Senate File 532, Tobacco Securitization Act, authorized securitization of the tobacco settlement payments. The Act authorized the sale of approximately \$600.0 million of tax-exempt securities and \$50.0 million in taxable securities for 30 years. Interest on the proceeds remains in the Trust. The Act created the Tax-Exempt Bond Proceeds Restricted Capital Fund Account. Funds within the Account are used for litigation payments, qualified capital projects, and certain debt service. The Act also created the Endowment for Iowa's Health Account to hold net proceeds of any taxable or tax-exempt bonds issued to provide funds for health-related programs, any portion of the State's tobacco settlement payments that are not sold to the Tobacco Settlement Authority, and any other moneys appropriated to the Account. Senate File 532 transferred \$55.0 million from the Endowment to the Healthy Iowans Tobacco Trust for health-related programs.

Senate File 533, Tobacco Settlement Trust Fund Act, redirected the State wagering tax allocation to the Endowment for Iowa's Health Account and made General Fund appropriations to the Endowment over a six-year period. The Act made the following allocations from the State wagering taxes:

- FY 2002: \$80.0 million
- FY 2003: \$75.0 million
- FY 2004: \$70.0 million
- FY 2005: \$70.0 million
- FY 2006: \$70.0 million
- FY 2007: \$70.0 million



Prior to enactment of SF 533, these revenues were deposited in the Rebuild Iowa Infrastructure Fund (RIIF). The Act also made the following General Fund appropriations to the Endowment:

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- FY 2002: \$7.2 million
- FY 2003: \$27.1 million
- FY 2004: \$28.3 million
- FY 2005: \$29.8 million
- FY 2006: \$29.6 million
- FY 2007: \$17.8 million

Senate File 537, FY 2002 Healthy Iowans Tobacco Trust Fund Act, appropriated a total of \$60.3 million to the Departments of Human Services, Public Health, Corrections, and Education for health-related initiatives. Of the \$60.3 million, \$57.2 million was appropriated from the Healthy Iowans Tobacco Trust Fund and \$3.1 million from the Savings Account for Healthy Iowans. The Act transferred the FY 2001 ending balance of the Savings Account for Healthy Iowans to the Healthy Iowans Tobacco Trust Fund, and also directed the reversions from the FY 2001 appropriations to the Fund. The FY 2002 beginning balance in the Healthy Iowans Tobacco Trust Fund was \$11.3 million.

House File 413, Teacher Compensation Reform and Student Achievement Act, appropriated \$40.0 million from the Endowment for Iowa's Health Account to the Student Achievement and Teacher Quality Program. The amount of monthly payments needed to implement the teacher salary increases were \$3.5 million over nine months. This amounts to a total of \$31.5 million. The remaining \$8.5 million was used for a variety of other education programs.

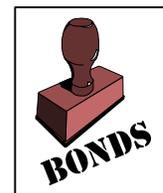


House File 755, FY 2002 Standing Appropriations Act, appropriated \$17.9 million from the bond proceeds of the Tobacco Settlement Trust Fund. The appropriations included \$10.6 million for attorney litigation payments and \$7.2 million for FY 2002 debt service payments for the Iowa Communications Network (ICN), Board of Regents' Academic Revenue Bonds, and Prison Debt Service. In prior years, these payments were made from the General Fund and the Prison Infrastructure Fund.

House File 742, FY 2002 Infrastructure Appropriations Act, appropriated \$107.0 million from the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund for numerous infrastructure projects.

### 2001 Interim

The Tobacco Settlement Authority sold \$644.2 million in securities in October 2001. The \$644.2 million represents approximately 78.0% of receipts due to Iowa under the Master Settlement Agreement. The Series 2001 A bonds were a \$40.0 million issue. These are federal taxable



## Tobacco Securitization

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bonds with the yield estimated to be 6.8%. Proceeds of this unrestricted issue were deposited into the Endowment for Iowa's Health Account. The Series 2001 A bond proceeds were distributed as follows:

- \$39.6 million deposited into the Endowment for Iowa's Health Account.
- \$330,000 for the underwriter's discount and \$119,000 for the costs of issuance.

The Series 2001 B bonds were a \$604.2 million issue with an original discount of \$9.3 million. These are federal tax-exempt bonds and are split as follows:

- \$61.3 million serial bonds with a yield ranging from 4.6% to 4.9%.
- \$205.8 million medium term bonds with a yield of 5.5%.
- \$337.1 million long term bonds with a yield of 5.7%.

The Series B bonds proceeds are distributed as follows:

- \$139.7 million for refunding and defeasance purposes.
- \$374.4 million for capital projects over the next six years, including FY 2002.
- \$25.5 million for attorney fees related to the Master Settlement Agreement.
- \$200,000 for the operating expenses of the Tobacco Settlement Authority.
- \$48.1 million for the Debt Service Reserve Account.
- \$5.0 million for the underwriter's discount and \$1.8 million for the costs of issuance.
- \$200,000 for costs related to enforcing the Master Settlement.

## 2002 Legislative Session

The 2002 General Assembly passed several Acts which impacted the Endowment, the Restricted Capital Fund, and the Healthy Iowans Tobacco Trust:

- Senate File 2304, FY 2002 Budget Adjustment Act, made an across-the-board reduction of 1.0% for FY 2002 that reduced the General Fund appropriation to the Endowment by \$72,000. The Act transferred \$15.0 million in wagering tax receipts from the Endowment to the General Fund and transferred \$7.0 million from the Endowment to the General Fund.
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- House File 2245, FY 2002 Medicaid Supplemental Appropriations Act, appropriated \$2.5 million from the Endowment to the Department of Human Services for Medicaid.
- House File 2075, FY 2002 Endowment Reimbursement Act, committed future General Fund receipts for reimbursing the Endowment up to \$91.5 million for several appropriations made by the 2002 General Assembly.
- House File 2615, FY 2003 Healthy Iowans Tobacco Trust Appropriations Act, appropriated a total of \$65.2 million to the Departments of Human Services, Public Health, Corrections, and Education for health-related initiatives. The Act transferred \$9.0 million in FY 2003 wagering tax receipts from the Endowment to the Healthy Iowans Tobacco Trust. The Act also eliminated the FY 2003 General Fund appropriation of \$27.1 million to the Endowment.
- Senate File 2315, FY 2003 School Foundation Aid Act, appropriated \$20.0 million from the Endowment's FY 2003 wagering tax allocation for School Foundation Aid. The General Fund appropriation for School Foundation Aid was reduced by \$20.0 million.
- House File 2614, FY 2003 Infrastructure Appropriations Act, appropriated \$16.8 million from the Endowment's wagering tax allocation for the Board of Regent's Tuition Replacement.
- Senate File 2317, Tobacco Settlement Enforcement Act, provided a FY 2002 supplemental appropriation of \$945,000 to the Treasurer of State for payment of litigation fees incurred pursuant to the Master Settlement Agreement. The appropriation was made from the tax-exempt bond proceeds of the Restricted Capital Fund.
- House File 2627, FY 2003 Second Omnibus Appropriations Act, transferred \$9.0 million from the Endowment to the General Fund.
- House File 2625, FY 2002 Adjustments and Transfers Act, increased the amount of money to be repaid to the Endowment from \$91.5 million to \$93.5 million.

### 2003 Legislative Session

The 2003 General Assembly passed several Acts which impacted the Endowment, the Restricted Capital Fund, and the Healthy Iowans Tobacco Trust:

- Senate File 458, FY 2004 Standing Appropriations, Salary Provisions, and Statutory Changes Act, deappropriated \$28.3 million from the Endowment for FY 2004. The Act also transferred \$20.0 million from the Endowment to the General Fund in FY 2004. Also, the Act increased the amount of money to be repaid to the Endowment
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## **Tobacco Securitization**

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from \$93.5 million to \$101.8 million. This is in addition to current law, which requires \$40.0 million to be repaid to the Endowment, for the FY 2002 Teacher Compensation Reform and Student Achievement Act.

- ▶ House File 685, FY 2004 Healthy Iowans Tobacco Trust Fund Act, transferred \$5.2 million from the Endowment to the Healthy Iowans Tobacco Trust Fund. This is in addition to the standing appropriation of \$56.7 million from the Endowment to the Healthy Iowans Tobacco Trust Fund.
- ▶ Senate File 375, Enhanced Tobacco Enforcement Act, provided a FY 2003 supplemental appropriation of \$646,000 from the Restricted Capital Fund to the Treasurer of State for payment of litigation fees incurred pursuant to the Master Settlement Agreement.

## **2003 Interim**

Payments due to the states under the Master Settlement Agreement have been disputed by several of the tobacco companies. Certain companies that had signed the Master Settlement Agreement manufactured cigarettes for companies that were not a party to the Master Settlement Agreement. A settlement was reached where all major tobacco companies agreed to be responsible for cigarettes manufactured for other companies. The settlement resolves other issues, including whether the Master Settlement Agreement was a significant factor in causing market share to decline for the major companies during the last four years. This issue could have resulted in reducing future payments to the states.

In June 2003, R.J. Reynolds, Incorporated was downgraded to below investment grade. This creates a “trapping event”. The payments from all tobacco companies associated with the securitization of 78.0% of Iowa’s Master Settlement Agreement will be held by the trustee in a trapping account. After the required fees and debt service are met, the residual payments will be held in the trapping account for a minimum of one year after the downgraded company is upgraded to investment grade or until 25.0% of the outstanding principle of the bonds is reached. Therefore, it is estimated the Endowment will not receive any residual payments in FY 2004 and FY 2005. The Endowment received \$16.7 million from such payments in FY 2003.

## **Future Funding Issues**

The Endowment for Iowa’s Health Account was originally envisioned to be used as a stable funding source for future appropriations related to health care programs. The transfers, deappropriations, and appropriations made from the Endowment reduced its long-term earnings potential. The General Assembly has committed \$141.8 million in future General Fund receipts to repay the Endowment for transfers, deappropriations, and appropriations made during the 2002 and 2003 Legislative Sessions. This action limits the ability to set funding priorities in the future by the General Assembly.

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The trapping event has a negative impact on Endowment receipts. If R.J. Reynolds, Incorporated remains downgraded for an extended period, the standing appropriation from the Endowment to the Healthy Iowans Tobacco Trust Fund may be in jeopardy.

Another future impact to the General Fund is the expenditure of the Restricted Capital Fund by the end of FY 2007 due to timing constraints associated with the tax-exempt bonds. Once this Fund is depleted, certain debt service payments (prison infrastructure bonds and a portion of the Regent's Academic Revenue Bonds) will need to be paid from an alternative funding source, such as the General Fund.

### **Endowment Cash Flow Issues**

The primary function of the Endowment is to provide a stable funding source for health-related programs. Under current law, the Endowment provides a standing appropriation, starting at \$55.0 million in FY 2002, to the Healthy Iowans Tobacco Trust. This appropriation from the Endowment to the Trust is statutorily increased by 1.5% annually. In turn, the General Assembly appropriates funds from the Healthy Iowans Tobacco Trust for a variety of health-related programs.

In order for programs funded from the Healthy Iowans Tobacco Trust to operate uninterrupted throughout the fiscal year, attention needs to be given to the timing of receipts. The majority of the dedicated revenue sources (i.e., wagering taxes) will not begin to be received until approximately December 2003. Therefore, for the first six months of the fiscal year, the Endowment must rely primarily on the balance brought forward from the previous fiscal year to cash-flow the appropriation to the Healthy Iowans Tobacco Trust. The FY 2004 beginning balance of \$25.9 million is lower than originally projected due to the transfers, deappropriations, and appropriations made from the Endowment during the 2003 Legislative Session. Any future decisions to alter revenues and expenditures should include an analysis of the monthly cash flow of the Endowment.

### **Restricted Capital Fund**

The General Assembly will have approximately \$9.0 million available to appropriate for new capital projects in FY 2005 from the Restricted Capital Fund. This is significantly less than the \$150.1 million that was appropriated for FY 2004. Fiscal Year 2004 was the last year that a significant amount of funding was available for capital projects until at least FY 2008. In FY 2008, the wagering tax allocation (\$70.0 million) that is currently deposited into the Endowment for Iowa's Health Account is scheduled to be deposited into the RIF and be available for capital projects.

### **Governor's Recommended Changes to the Endowment for Iowa's Health Account**

- ❖ The Governor is recommending the deappropriation of the FY 2005 General Fund appropriation of \$29.8 million.
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## Tobacco Securitization

- ❖ The Governor is recommending the transfer of an additional \$6.4 million from the Endowment to the Healthy Iowans Tobacco Trust Fund for FY 2005. This is in addition to the \$57.5 million that will be appropriated to the Trust Fund for FY 2005.

The following table shows the effect of the Governor's recommendation on the balance of the Endowment for Iowa's Health Account.

| <b>Tobacco Settlement Trust Fund<br/>Endowment for Iowa's Health Account</b> |                       |                       |                      |                       |
|--|-----------------------|-----------------------|----------------------|-----------------------|
|  | Actual<br>FY 2002     | Actual<br>FY 2003     | Estimated<br>FY 2004 | Gov. Rec.<br>FY 2005  |
| <b>Resources</b>   |                       |                       |                      |                       |
| Balance  | \$ 0                  | \$ 22,364,148         | \$ 25,800,689        | \$ 27,939,355         |
| Bond Proceeds  | 39,551,202            | 0                     | 0                    | 0                     |
| General Fund Appropriation   | 7,248,000             | 27,087,000            | 28,251,000           | 29,785,000            |
| Reduction of General Fund Appropriation                                      | -72,480               | -27,087,000           | -28,251,000          | -29,785,000           |
| Wagering Tax Allocation  | 80,000,000            | 75,000,000            | 70,000,000           | 70,000,000            |
| 22% of MSA Payment   | 13,998,027            | 21,186,059            | 11,968,000           | 12,122,000            |
| Tobacco Settlement Residuals   | 0                     | 16,657,667            | 0                    | 0                     |
| Litigation Revenue   | 0                     | 0                     | 1,290,001            | 3,582,000             |
| Interest Earned  | 1,139,399             | 1,018,060             | 750,000              | 750,000               |
| Healthy Iowans Tobacco Trust Transfer  | 0                     | -9,000,000            | -5,206,960           | -6,406,960            |
| Transfer to General Fund   | 0                     | -9,000,000            | -20,000,000          | 0                     |
| <b>Total</b>   | <b>\$ 141,864,148</b> | <b>\$ 118,225,934</b> | <b>\$ 84,601,730</b> | <b>\$ 107,986,395</b> |
| <b>Appropriations</b>  |                       |                       |                      |                       |
| Healthy Iowans Tobacco Trust   | \$ 55,000,000         | \$ 55,825,000         | \$ 56,662,375        | \$ 57,512,311         |
| Student Achievement/Teacher Quality Act (HF 413)                             | 40,000,000            | 0                     | 0                    | 0                     |
| School Aid Appropriation (SF 2315)   | 0                     | 20,000,000            | 0                    | 0                     |
| Tuition Replacement (HF 2614)  | 0                     | 16,843,772            | 0                    | 0                     |
| Transfer to Gen. Fund-Wagering Tax (SF 2304)                                 | 15,000,000            | 0                     | 0                    | 0                     |
| Transfer to Gen. Fund (SF 2304)  | 7,000,000             | 0                     | 0                    | 0                     |
| Medicaid Supplemental (HF 2245)  | 2,500,000             | 0                     | 0                    | 0                     |
| <b>Total</b>   | <b>\$ 119,500,000</b> | <b>\$ 92,668,772</b>  | <b>\$ 56,662,375</b> | <b>\$ 57,512,311</b>  |
| Reversions   | 0                     | -243,527              | 0                    | 0                     |
| <b>Ending Balance</b>  | <b>\$ 22,364,148</b>  | <b>\$ 25,800,689</b>  | <b>\$ 27,939,355</b> | <b>\$ 50,474,084</b>  |

MSA = Master Settlement Agreement

## Governor's Recommended Changes to the Healthy Iowans Tobacco Trust Fund

- ❖ The Governor is recommending \$63.2 million in expenditures from the Trust Fund as follows:
  - ❖ \$1.8 million for the Department of Corrections.
  - ❖ \$2.2 million for the Department of Education.
  - ❖ \$39.6 million for the Department of Human Services.
  - ❖ \$19.6 million for the Department of Public Health.

The following table shows the effect of the Governor's recommendation on the balance of the Healthy Iowans Tobacco Trust Fund.

## Healthy Iowans Tobacco Trust Fund

|   | Actual<br>FY 2002    | Actual<br>FY 2003    | Estimated<br>FY 2004 | Gov. Rec.<br>FY 2005 |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Resources</b>                                  |                      |                      |                      |                      |
| Balance Forward                                   | \$ 11,305,232        | 1,702,239            | 1,526,749            | 3,848                |
| Balance Adjustment                                | 0                    | -15,363              | 0                    | 0                    |
| Transfer from Endowment for Iowa's Health Account | 55,000,000           | 55,825,000           | 56,662,375           | 57,512,311           |
| Endowment (Wagering Tax Allocation)               | 0                    | 9,000,000            | 5,206,960            | 6,406,960            |
| Interest Earned                                   | 537,616              | 109,043              | 120,000              | 120,000              |
| Miscellaneous                                     | 119                  | 0                    | 0                    | 0                    |
| <b>Total Available Resources</b>                  | <b>\$ 66,842,967</b> | <b>\$ 66,620,919</b> | <b>\$ 63,516,084</b> | <b>\$ 64,043,119</b> |
| <b>Appropriations</b>                             |                      |                      |                      |                      |
| Dept. of Public Health                            | \$ 25,795,394        | \$ 17,465,064        | \$ 19,633,525        | \$ 19,633,525        |
| Dept. of Human Services                           | 32,771,426           | 44,871,426           | 39,618,176           | 39,618,176           |
| Dept. of Corrections                              | 609,999              | 1,710,000            | 2,107,285            | 1,797,285            |
| Dept. of Ed. - Iowa Empowerment Fund              | 1,153,250            | 1,153,250            | 2,153,250            | 2,153,250            |
| Transfer to General Fund                          | 6,000,000            | 0                    | 0                    | 0                    |
| <b>Total Appropriations</b>                       | <b>\$ 66,330,069</b> | <b>\$ 65,199,740</b> | <b>\$ 63,512,236</b> | <b>\$ 63,202,236</b> |
| Reversions  | -1,189,341           | -105,570             | 0                    | 0                    |
| <b>Ending Balance</b>                             | <b>\$ 1,702,239</b>  | <b>\$ 1,526,749</b>  | <b>\$ 3,848</b>      | <b>\$ 840,883</b>    |

Please refer to the Infrastructure Funding Section for information regarding the Restricted Capital Fund.

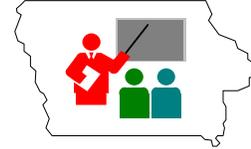
More information is available on the LSA web site: <http://staffweb.legis.state.ia.us/lfb/>

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# IOWA SCHOOL FOUNDATION FORMULA

## School Foundation Formula History

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. The Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year for per pupil expenditures, which was previously established by a formula based on the rate of inflation and State revenue growth. The 1999 General Assembly further revised the School Foundation Formula by raising the foundation level for the special education component of regular program cost from 79.0% to 87.5%. In addition, funding for talented and gifted programs was shifted from 100.0% property tax to the regular program portion of the foundation formula by adding \$38 to the State cost per pupil beginning with FY 2000.



In 1995, the General Assembly established the practice of setting the allowable growth rate two years in advance within 30 days of the submission of the Governor's budget each year. Under current law, the General Assembly will be required to set the allowable growth rate in the 2004 Legislative Session for FY 2006. **Table 1** displays the allowable growth rates since FY 1998.

**Table 1**  
**Allowable Growth Rates**

| Legislative Session | For Fiscal Year | Allowable Growth Rate |
|---------------------|-----------------|-----------------------|
| 1996                | 1998            | 3.5%                  |
| 1997                | 1999            | 3.5%                  |
| 1998                | 2000            | 3.0%                  |
| 1999                | 2001            | 4.0%                  |
| 2000                | 2002            | 4.0%                  |
| 2001                | 2003            | 1.0%                  |
| 2002                | 2004            | 2.0%                  |
| 2003                | 2005            | 2.0%                  |

## Iowa School Foundation Formula

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The School Foundation Formula is based on budget enrollment, a school district's regular program cost per pupil, State aid determined by a foundation level, and an amount generated by the uniform property tax levy. In addition, school districts may obtain authority to raise additional property tax revenues from the School Budget Review Committee (SBRC) for drop-out prevention programs, to accommodate unusual increases or decreases in enrollment, to meet additional special education program needs, as well as for a variety of unusual circumstances specified in Section 257.31, Code of Iowa. Other optional funding sources available to districts in the general education fund area include the cash reserve levy, management levy, and instructional support levy. Across-the-board reductions to State aid, such as those in FY 2002 and FY 2004, do not affect allowable growth or the school districts' spending authorities. Shortfalls in State aid can be offset by funds from the cash reserve levy property tax.



Local school districts have a number of optional funding sources available to them for non-general education fund activities. The levies are used for building construction, building maintenance, equipment purchases, and certain operational expenditures. These include: debt service levy, schoolhouse property tax levy, physical plant and equipment levy, and the educational and recreation levy.

Over the past several legislative sessions, modifications have been made to the School Foundation Formula. Supplemental weightings have been provided for grade school students that qualify for the free and reduced lunch program, for hosting a regional academy, and for English as a Second Language students. Property tax reductions have been offered as incentives for school districts that merge or reorganize.

### FY 2004 State Aid Reductions

Early in FY 2004 the Governor issued a 2.5% across-the-board reduction that affected the State aid, reducing FY 2004 funding for school districts and area education agencies by \$45.4 million. Of this amount, school districts' budgets were reduced by \$43.6 million, and AEA budgets were reduced by \$1.8 million. Across-the-board reductions do not affect spending authority, so cash reserve levy funding can be used to offset reductions in State Aid. The across-the-board reduction also affected other appropriations to school districts and area education agencies. The other funding reductions included: Instructional Support State Aid (\$370,000 for school districts), Early Intervention Program (\$750,000 for school districts), Educational Excellence Program (\$528,000 for school districts and \$23,000 for area education agencies), and Teacher Compensation Program (\$1.2 million for school districts and \$10,000 for area education agencies).



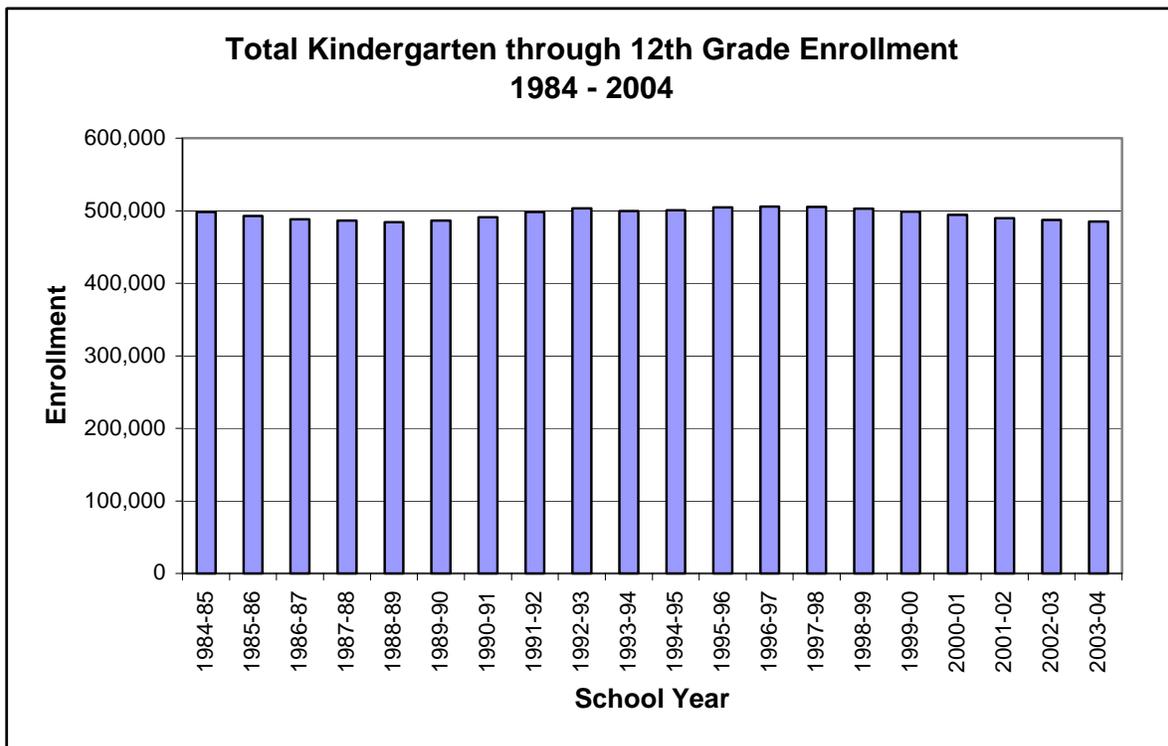
### Enrollment Decline

Statewide total enrollment has had an average annual decline of 0.1% since the 1984-1985 school year. All totaled, there are 13,107.0 (2.6%) fewer students for the 2003-

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2004 enrollment than in 1984-1985. (See **Chart 1**.) Between 1984-1985 and 2003-2004, 112 (27.3%) of the school districts had increased enrollments, and 297 (72.3%) of the school districts had decreased enrollments. There were 41 school districts that merged with other districts that would affect these changes. In the 1984-1985 school year, there were 108 school districts with enrollments exceeding 1,000; in 2003-2004, there were 113 school districts with enrollments of more than 1,000. In 1984-1985, there were 35 school districts with enrollments of less than 250; in 2003-2004, there were 30 school districts with enrollments of less than 250.

Chart 1

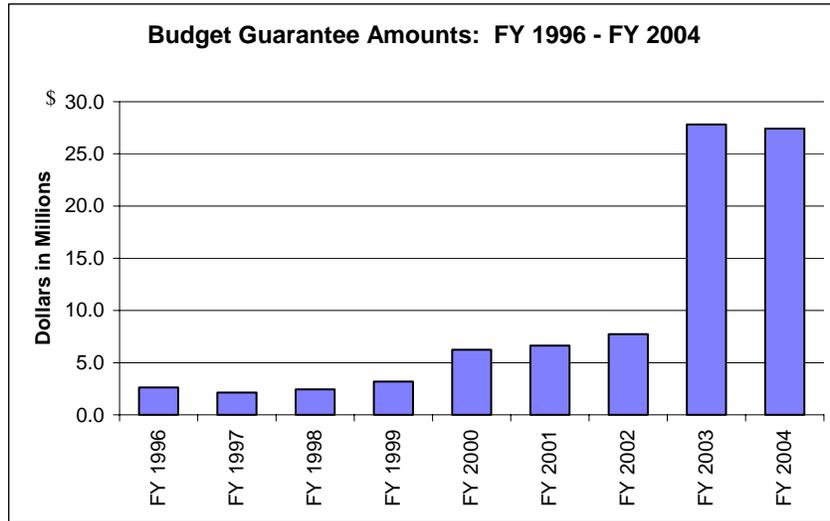


The school-year 2003-2004 enrollment decreased by 2,010.4 (0.4%) students compared to 2002-2003. The decrease represents the seventh straight year of decline in enrollment, and this trend is expected to continue for the next several years. The school-year 2003-2004 enrollment is the basis for the FY 2005 State aid.

School districts with declining enrollments have been eligible to receive a budget guarantee since FY 1996. The budget guarantee is additional funding that increases the current fiscal year's regular program district cost so that it is equal to the previous year's total program district cost. The budget guarantee has been funded entirely from property taxes, except for two years. In FY 1996, the budget guarantee was funded with a combination of local property tax and State Aid, and in FY 2000, it was funded entirely with State Aid. **Chart 2** provides the budget guarantee funding levels since FY 1996.

## Iowa School Foundation Formula

Chart 2



Senate File 203 (School Reorganization Incentives Act), passed during the 2001 Legislative Session, changed the budget guarantee so that beginning in FY 2005 it is no longer based on providing 100.0% of the total regular program district cost. In FY 2005 and future years, school districts with declining enrollments will be eligible for one of two options. They will receive the higher of:

- 101.0% budget adjustment that is based on the previous year's regular program district cost without any previous adjustment.
- 90.0% budget guarantee that is based on the FY 2004 total regular program district cost. This percentage will be scaled back 10.0% each year until FY 2014. Only districts that receive this option in FY 2005 will be eligible to receive this budget guarantee in future years.

### State Aid for FY 2004 and FY 2005

The allowable growth levels have been established at 2.0% for FY 2004 and FY 2005, which in turn establishes the spending authority once enrollment counts are finalized.

**Table 2** shows the School Foundation Formula funding and sources for FY 2004 and FY 2005.

Table 2

**FY 2004 and Estimated FY 2005 School Foundation Formula Funding**

(Dollars in Millions)

| <u>Fiscal Year</u> | <u>Allowable Growth</u> | <u>State Aid</u> | <u>Property Tax</u> | <u>Total Budget</u> | <u>Budget Guarantee</u> | <u>Number Receiving</u> |
|--------------------|-------------------------|------------------|---------------------|---------------------|-------------------------|-------------------------|
| FY 2004            | 2.0%                    | \$ 1,772.2       | \$ 1,074.8          | \$ 2,847.0          | \$ 27.4                 | 231                     |
| FY 2005            | 2.0%                    | 1,888.1          | 1,024.6             | 2,912.7             | 31.1                    | 242                     |

The FY 2004 across-the-board reduction to State Aid is included in the above amount. Since the reduction does not affect spending authority and may be offset by funds from the Cash Reserve Levy, it is included in the property tax amount.

The FY 2005 estimates may change after 2003 enrollments are finalized and other estimates are reviewed. Property valuations are projected to change by -2.0% between FY 2004 and FY 2005 and remain constant between FY 2005 and FY 2006.

The Budget Guarantee is included in the Property Tax amount.

*The Governor is not recommending the FY 2005 allowable growth percentage be changed.* In the event that the FY 2005 allowable growth percentage issue is revisited during the legislative session, **Table 3** displays the estimated increases for FY 2005 compared to FY 2004 at various growth rates and the effect on the budget guarantee as estimated by the Fiscal Services Division of the Legislative Services Agency. Contact the LSA for further explanation of the assumptions and any additional detail.

Table 3

**Estimated FY 2005 Changes Compared to FY 2004 at Various Allowable Growth Rates**

(Dollars in Millions)

| <u>FY 2005 Allowable Growth Percentage</u> | <u>State Aid</u> |                       | <u>Property Tax</u> |                       | <u>Total Budget</u> |                       | <u>Budget Guarantee</u> |                       |                                   |
|--|------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------------|-----------------------|-----------------------------------|
|  | <u>Change</u>    | <u>Percent Change</u> | <u>Change</u>       | <u>Percent Change</u> | <u>Change</u>       | <u>Percent Change</u> | <u>Change</u>           | <u>Percent Change</u> | <u>Change in Number Receiving</u> |
| 6.0%                                       | \$ 211.1         | 11.9%                 | \$ -52.9            | -4.9%                 | \$ 158.3            | 5.6%                  | \$ -15.2                | -55.4%                | -109                              |
| 5.0%                                       | 187.0            | 10.6%                 | -54.1               | -5.0%                 | 132.9               | 4.7%                  | -12.3                   | -45.0%                | -85                               |
| 4.0%                                       | 164.0            | 9.3%                  | -55.0               | -5.1%                 | 109.1               | 3.8%                  | -8.6                    | -31.3%                | -55                               |
| 3.0%                                       | 140.0            | 7.9%                  | -53.7               | -5.0%                 | 86.2                | 3.0%                  | -3.3                    | -12.0%                | -18                               |
| <b>2.0%</b>                                | <b>115.9</b>     | <b>6.5%</b>           | <b>-50.2</b>        | <b>-4.7%</b>          | <b>65.7</b>         | <b>2.3%</b>           | <b>3.7</b>              | <b>13.3%</b>          | <b>11</b>                         |
| 1.0%                                       | 92.3             | 5.2%                  | -42.2               | -3.9%                 | 50.1                | 1.8%                  | 16.1                    | 58.8%                 | 42                                |
| 0.0%                                       | 68.8             | 3.9%                  | -31.0               | -2.9%                 | 37.8                | 1.3%                  | 31.1                    | 113.3%                | 85                                |
| -1.0%                                      | 45.8             | 2.6%                  | -16.9               | -1.6%                 | 28.9                | 1.0%                  | 49.2                    | 179.4%                | 110                               |
| -2.0%                                      | 21.7             | 1.2%                  | -0.2                | 0.0%                  | 21.5                | 0.8%                  | 69.3                    | 252.8%                | 118                               |
| -3.0%                                      | -2.4             | -0.1%                 | 17.5                | 1.6%                  | 15.1                | 0.5%                  | 89.8                    | 327.6%                | 133                               |

**Current Law**

|   |                         |
|---|-------------------------|
| Estimated FY 2004 State Aid (Current Law)       | \$ 1,772,201,817        |
| Estimated FY 2004 Total Foundation Property Tax | 1,074,769,577           |
| Estimated FY 2004 Total Budget                  | <u>\$ 2,846,971,394</u> |

|   |               |
|---|---------------|
| FY 2004 Budget Guarantee                                  | \$ 27,418,665 |
| FY 2004 Number of School Districts Receiving Budget Guar. | 231           |

Notes:

State Aid for FY 2004 has been reduced by the 2.5% across-the-board reduction. Since this can be recovered from the Cash Reserve Levy, the property tax estimate is increased by a like amount.

Other enrollment weightings are based on current assumptions and may be adjusted later in the year when new information is available.

Property valuations changes are estimated to be -2.0%.

The Budget Guarantee amount is included in the property taxes.

## Iowa School Foundation Formula

Based on current law, **Table 4** displays the estimated increases for FY 2006 compared to FY 2005 at various growth rates as estimated by the LSA. Any changes made to the FY 2005 allowable growth during the 2004 Legislative Session would alter these estimates. For FY 2006, special education weightings are expected to increase by 3.5%. Supplemental weighting for shared programs is expected to increase by 10.0%. The supplemental weighting for Limited English Proficiency is expected to increase by 10.0%. The supplemental weighting for At-Risk Students is not expected to change. Taxable valuations are assumed to remain constant. Contact the LSA for further explanation of the assumptions and any additional detail.

**Table 4**  
**Estimated FY 2006 Changes Compared to Estimated FY 2005**  
**at Various Allowable Growth Rates**

(Dollars in Millions)

| FY 2006<br>Allowable<br>Growth<br>Percentage | State Aid |                   | Property Tax |                   | Total Budget |                   | Budget Guarantee |                   |                                  |
|--|-----------|-------------------|--------------|-------------------|--------------|-------------------|------------------|-------------------|----------------------------------|
|  | Change    | Percent<br>Change | Change       | Percent<br>Change | Change       | Percent<br>Change | Change           | Percent<br>Change | Change in<br>Number<br>Receiving |
| 6.0%   | \$ 140.5  | 7.4%              | \$ 7.3       | 0.7%              | \$ 147.7     | 5.1%              | \$ -20.8         | -66.8%            | -119                             |
| 5.0%   | 117.0     | 6.2%              | 5.5          | 0.5%              | 122.4        | 4.2%              | -17.7            | -56.9%            | -95                              |
| 4.0%   | 92.9      | 4.9%              | 5.8          | 0.6%              | 98.7         | 3.4%              | -13.1            | -42.1%            | -63                              |
| 3.0%   | 68.3      | 3.6%              | 8.0          | 0.8%              | 76.3         | 2.6%              | -6.7             | -21.4%            | -30                              |
| 2.0%   | 44.7      | 2.4%              | 11.8         | 1.2%              | 56.6         | 1.9%              | 1.8              | 5.9%              | 3                                |
| 1.0%   | 20.1      | 1.1%              | 21.4         | 2.1%              | 41.5         | 1.4%              | 15.5             | 49.7%             | 33                               |
| 0.0%   | -4.5      | -0.2%             | 35.1         | 3.4%              | 30.6         | 1.1%              | 32.6             | 104.8%            | 60                               |
| -1.0%  | -28.0     | -1.5%             | 49.3         | 4.8%              | 21.3         | 0.7%              | 50.9             | 163.8%            | 79                               |
| -2.0%  | -52.7     | -2.8%             | 66.0         | 6.4%              | 13.3         | 0.5%              | 71.1             | 228.6%            | 95                               |
| -3.0%  | -76.2     | -4.0%             | 82.7         | 8.1%              | 6.5          | 0.2%              | 91.7             | 294.9%            | 104                              |

|   |                        |
|---|------------------------|
| Estimated FY 2005 State Aid (Current Law)       | \$1,888,065,710        |
| Estimated FY 2005 Total Foundation Property Tax | 1,024,860,126          |
| Estimated FY 2005 Total Budget                  | <u>\$2,912,925,836</u> |

|   |               |
|---|---------------|
| FY 2005 Budget Guarantee                                  | \$ 31,076,124 |
| FY 2005 Number of School Districts Receiving Budget Guar. | 243           |

**Notes:**

Enrollment weightings and other estimates are based on current assumptions and may be adjusted later in the year when new information is available.

Property valuations are estimated to remain constant between FY 2005 and FY 2006.  
 The Budget Guarantee amount is included in the property taxes.

### Issues for the 2004 Legislative Session

There are a number of issues that may arise related to the School Foundation Formula. Some of the issues the Legislature may want to consider are:

- **Across-the-Board Budget Reductions** – Continued tight budget conditions have lead to the FY 2004 2.5% across-the-board reductions in State Aid and other appropriations. These reductions do not affect spending authority and can increase the proportion of education funding that comes from property tax. The across-the-board reduction



does not affect the State Foundation Aid Formula's calculation of future year's State Aid and will account for \$45.4 million of the FY 2005 increase in State Aid. *The Governor is not recommending a change to the FY 2005 allowable growth, so the \$45.4 million associated with the across-the-board reduction is included in the increase for State Aid.*

- Decrease in Property Tax Valuations – The property tax valuations are projected to decrease by 2.0% for the FY 2005, primarily due to a decline in the agricultural productivity calculation that determines agricultural property taxes. This reduction in taxable value will cause a \$22.2 million built-in increase in the FY 2005 General Fund appropriation for State Aid.
- New Property Tax System – HF 692 (FY 2004 Taxation Changes, the Grow Iowa Values Program, and Regulatory Reform Act) which was passed during the 2003 Legislative Session could replace the current property tax system. The new property tax system corrects for inflation back to the 2005 base-year valuation in determining property valuation. Under that approach the \$5.40 Uniform Levy would no longer be effective, and another means for providing the initial funding amount for the School Foundation Formula will need to be developed by the Property Tax Implementation Committee. Until the Committee makes its proposals, it is not known how the School Foundation Formula will need to be adjusted.
- Budget Guarantee – Beginning in FY 2005, the budget guarantee will no longer be based on providing 100.0% of the total regular program district cost, and school districts will begin to experience the impact of the change made during the 2001 Legislative Session.
- Funding for Department of Human Services Institutions (DHS) Institutions – FY 2004 is the first year DHS institutions received funding from the State Foundation Formula to educate children in the institutions. Information may be available to consider if this approach is meeting the Legislature's goals.
- Special Education Task Force – The Governor vetoed the section of SF 453 (Reinvention of Government Act) requiring the Department of Education to establish a task force to study several aspects of area education agencies' (AEA) service delivery, commenting that previous studies had addressed these issues but indicated that he would request the Department to create a task force to examine AEA special education funding. This Task Force may provide information that the Legislature will find useful.

### Additional Information

The LSA has a topic presentation on the General Assembly web site that explains the [School Aid Foundation Formula](#). (Click on the title to view the presentation.)

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## EDUCATION ISSUES

### Teacher Pay/Quality Initiative

During the 2001 Legislative Session, the General Assembly passed SF 476 (Student Achievement and Teacher Quality Program Act) and HF 413 (Student Achievement and Teacher Quality Appropriations Act). Some modifications and adjustments were made during the 2002 and 2003 Legislative Sessions. Currently, the Program consists of:



- Teacher Mentoring and Induction Program – Provides beginning teachers with coaching, classroom demonstrations, observation and feedback, including a comprehensive evaluation.
- Evaluator Training – Provides administrators and others with skills in making employment decisions, performing teacher evaluations, making licensure recommendations, and moving teachers through a career path.
- Teacher Career Development Program – A statewide network for career development aligned with teaching standards, research-based instructional strategies and components, evaluations, and career development plans.
- Teacher Career Path – Provisions for minimum salary levels and increases for career advancement.
- Team-Based Variable Pay Pilot Program – A pilot program that provides pay incentives for achieving planned levels of student achievement improvement.
- National Board Certification Awards – The Program provides funding for these awards.

During the 2003 Legislative Session, HF 549 (Department of Education Statutory Revisions Act) postponed the professional development and training requirement until FY 2006 and delayed the Career Paths Program teacher salary increases, setting the teacher salary floor at the FY 2002 level. This floor will vary by school district and experience level.

For FY 2004, House File 662 (Education Appropriations Act) appropriated \$44.3 million from the General Fund for the to the Department of Education for the Student Achievement and Teacher Quality Program. This is an increase of \$4.3 million compared to the actual FY 2002 and FY 2003 appropriations. The appropriation was made entirely from the General Fund instead of partially funding the Program from other funding sources as in previous years. However, the original FY 2004 appropriation was reduced from \$44.3 million to \$43.1 million as a result of the 2.5% across-the-board

## Education Issues

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reduction. The FY 2004 allocation of the original appropriation of \$44.3 million was planned as follows:

- ✦ Teacher Mentoring and Induction Program – \$4.2 million.
- ✦ Evaluator Training Program – \$1.0 million.
- ✦ Teacher Career Development Program – \$375,000 plus \$727,000 in carry-forward funding; \$75,000 is earmarked for the Ambassador to Education (Teacher of the Year) Program.
- ✦ National Board Certification Awards – \$700,000.
- ✦ Team-Based Variable Pay Pilot Program – \$500,000.
- ✦ Teacher Career Path Program – \$37.5 million.

The Department of Education has published a list of the school districts participating in the Student Achievement and Teacher Quality Program Act in FY 2004. Of the 370 school districts, the following number of school districts are participating:

- ✦ Mentoring and Induction Program – All 370 school districts.
- ✦ Career Paths Program – All 370 school districts.
- ✦ Team-Based Variable Pay Pilot Program – 10 schools in six school districts.

*For FY 2005, the Governor is recommending funding of \$47.4 million for the Program, which is an increase of \$4.3 million. The increase maintains the minimum teacher salaries at the FY 2004 levels and accommodates step increases within the current pay scale.*

### Teacher Professional Development

*The Governor is recommending a General Fund appropriation of \$10.0 million in FY 2005 for a Teacher Professional Development Grant Program. The Waterloo Community School District would receive an allocation of \$555,000 to implement the highest priority recommendations of the Achievement Gap Task Force. The remaining appropriation would be distributed as grants to other local school districts. The districts would be required to reallocate administrative funds to professional development to qualify for the grants.*

### Early Intervention Block Grant

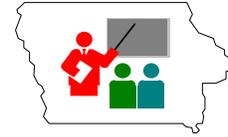
*The Governor is recommending that the General Fund standing appropriation of \$29.3 million for the Early Intervention Block Grant Program, also known as the Class Size Reduction Program, be continued for FY 2005 at the FY 2004 funding level. Under current statute, this Program and the associated funding is scheduled to sunset on June 30, 2004. The FY 2004 appropriation of \$30.0 million was reduced to \$29.3 million by the 2.5% across-the-board reduction.*

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**Tuition Increases for Higher Education**

**Board of Regents**

The Board of Regents approved an increase of 8.3% in tuition at the November 2003 Board meeting. This will result in an undergraduate tuition rate of \$4,702 for FY 2005 (Fall 2004) at each of the three Regents universities. This is an increase of \$360 compared to the current rate of \$4,342. Tuition increases for the last five years are illustrated in **Table 1**.



**Table 1**  
**Regents Tuition Rates FY 2001 through FY 2005**

| Fiscal Year | Residency    | University of Iowa | Percent Increase | Iowa State University | Percent Increase | University of Northern Iowa | Percent Increase |
|-------------|--------------|--------------------|------------------|-----------------------|------------------|-----------------------------|------------------|
| 2000-2001   | Resident     | 2,906              | 4.31%            | 2,906                 | 4.31%            | 2,906                       | 4.31%            |
|             | Non-Resident | 10,668             | 4.30%            | 9,748                 | 4.30%            | 7,870                       | 4.29%            |
| 2001-2002   | Resident     | 3,116              | 7.23%            | 3,116                 | 7.23%            | 3,116                       | 7.23%            |
|             | Non-Resident | 11,544             | 8.21%            | 10,450                | 7.20%            | 8,438                       | 7.22%            |
| 2002-2003   | Resident     | 3,692              | 18.49%           | 3,692                 | 18.49%           | 3,692                       | 18.49%           |
|             | Non-Resident | 13,334             | 15.51%           | 12,384                | 18.51%           | 10,000                      | 18.51%           |
| 2003-2004   | Resident     | 4,342              | 17.61%           | 4,342                 | 17.61%           | 4,342                       | 17.61%           |
|             | Non-Resident | 14,634             | 9.75%            | 13,684                | 10.50%           | 11,300                      | 13.00%           |
| 2004-2005   | Resident     | 4,702              | 8.29%            | 4,702                 | 8.29%            | 4,702                       | 8.29%            |
|             | Non-Resident | 15,354             | 4.92%            | 14,404                | 5.26%            | 12,020                      | 6.37%            |

The increase in tuition for FY 2005 is expected to result in a gross tuition revenue increase of \$27.9 million. Of this total, \$4.6 million is budgeted to be set aside for financial aid, leaving a net tuition revenue increase of \$23.3 million.

*The Governor is recommending an increase of \$30.0 million for FY 2005 to the Board of Regents for general operations including salaries and staff.*

**Community Colleges**

All 15 community colleges in Iowa raised resident tuition rates for the 2003-2004 school year (FY 2004). The statewide average increase was 8.1%. All but two colleges also raised non-resident rates, for a statewide average increase of 7.4%. Western Iowa Tech and Southeastern community colleges did not increase non-resident rates.

Tuition rates for FY 2004 are illustrated in **Table 2**.

## Education Issues

Table 2

### Iowa Community College Tuition Increases 2003-2004 Fiscal Year Annual Tuition (based on 15 credit hours per term)

| College           | FY 2003<br>Resident | FY 2004<br>Resident | Percent<br>Increase | FY 2003<br>Non-Res. | FY 2004<br>Non-Res. | Percent<br>Increase |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Northeast Iowa    | \$2,580.00          | \$2,790.00          | 8.1%                | \$2,580.00          | \$2,790.00          | 8.1%                |
| North Iowa Area   | 2,340.00            | 2,490.00            | 6.4%                | 3,510.00            | 3,735.00            | 6.4%                |
| Iowa Lakes        | 2,460.00            | 2,700.00            | 9.8%                | 2,520.00            | 2,760.00            | 9.5%                |
| Northwest Iowa    | 2,400.00            | 2,520.00            | 5.0%                | 3,600.00            | 3,780.00            | 5.0%                |
| Iowa Central      | 2,250.00            | 2,430.00            | 8.0%                | 3,375.00            | 3,645.00            | 8.0%                |
| Iowa Valley       | 2,430.00            | 2,670.00            | 9.9%                | 3,645.00 *          | 4,005.00 *          | 9.9%                |
| Hawkeye           | 2,430.00            | 2,610.00            | 7.4%                | 4,860.00            | 5,220.00            | 7.4%                |
| Eastern Iowa      | 2,250.00            | 2,400.00            | 6.7%                | 3,375.00            | 3,600.00            | 6.7%                |
| Kirkwood          | 2,340.00            | 2,490.00            | 6.4%                | 4,680.00            | 4,980.00            | 6.4%                |
| Des Moines Area   | 2,160.00            | 2,502.00            | 15.8%               | 4,320.00            | 5,004.00            | 15.8%               |
| Western Iowa Tech | 2,370.00            | 2,520.00            | 6.3%                | 3,990.00            | 3,990.00            | 0.0%                |
| Iowa Western      | 2,580.00            | 2,730.00            | 5.8%                | 3,870.00            | 4,095.00            | 5.8%                |
| Southwestern      | 2,310.00            | 2,550.00            | 10.4%               | 3,465.00            | 3,825.00            | 10.4%               |
| Indian Hills      | 2,370.00            | 2,610.00            | 10.1%               | 3,570.00            | 3,930.00            | 10.1%               |
| Southeastern      | 1,920.00            | 2,040.00            | 6.3%                | 2,760.00            | 2,760.00            | 0.0%                |
| <b>Averages</b>   | <b>\$2,346.00</b>   | <b>\$2,536.80</b>   | <b>8.1%</b>         | <b>\$3,608.00</b>   | <b>\$3,874.60</b>   | <b>7.4%</b>         |

\* Iowa Valley Community College provides a "scholarship" to each non-resident which reduces tuition and fees to \$1.00 per credit hour above the resident rate.

Source: Department of Education, Division of Community Colleges and Workforce Preparation

Five colleges have reciprocal agreements with institutions in other states that nullify the established non-resident rates. They are: Northeast Iowa, Iowa Lakes, Eastern Iowa, Western Iowa Tech, and Southeastern community colleges.

Only two colleges increased annual student fees, which are not shown in Table 2. Northwest Iowa and Iowa Central community colleges increased fees 8.0% to 9.0%.

Des Moines Area Community College (DMACC) eliminated annual student fees for 2003-2004, which had totaled \$252 the previous year. When the fee reduction is taken into account, DMACC's percentage increase of 15.8% in Table 2 is reduced to 3.7% for both residents and non-residents.

The Chronicle of Higher Education reports that tuition at public two-year institutions increased nationwide an average of 13.8% for 2003-2004. Iowa's average community college tuition and fees for 2003-2004 (\$2,913) are 53.0% above the national average (\$1,905), according to The Chronicle.



Tuition and fees as a percentage of unrestricted revenue for Iowa's community colleges increased from 43.4% in FY 2002 to 45.2% in FY 2003. State general aid as a percentage of unrestricted revenue decreased from 41.5% in FY 2002 to 39.7% in FY 2003.

*The Governor is recommending an increase of \$3.1 million for FY 2005 for community college general aid.*

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# IOWA CORRECTIONS SYSTEM

## Present Corrections System

The Iowa corrections system has four parts – administration, prisons, Community-Based Corrections, and Iowa Prison Industries. The Central Office is located in Des Moines and has responsibilities for administration, planning, policy development, program monitoring, and budgeting. Some staff that perform system-wide administrative functions (for example, the medical services director and staff) are located at one of the institutions or Community-Based Corrections (CBC) District Departments. One Regional Deputy Director and his staff are located in the Sixth CBC District Department. The prisons are responsible for incarcerating violent offenders and higher-risk individuals and providing the offenders with services essential to reducing risk to the general public upon release or parole. Community-Based Corrections provides supervision and transitional treatment for probationers, work release clients, Operating While Intoxicated (OWI) inmates, and parolees within a community setting. Community-Based Corrections provides both residential and street supervision. **Chart 1** below shows the distribution of prison inmates and CBC clients between FY 1990 and FY 2003.

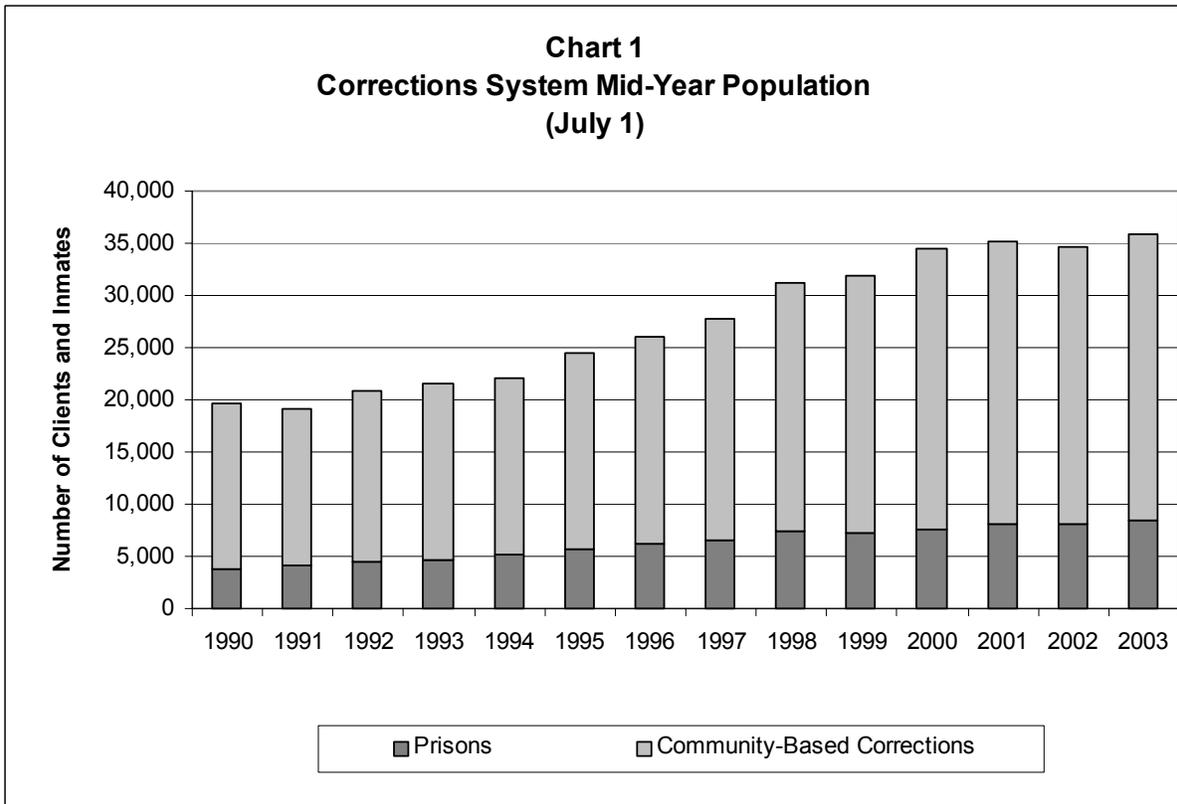
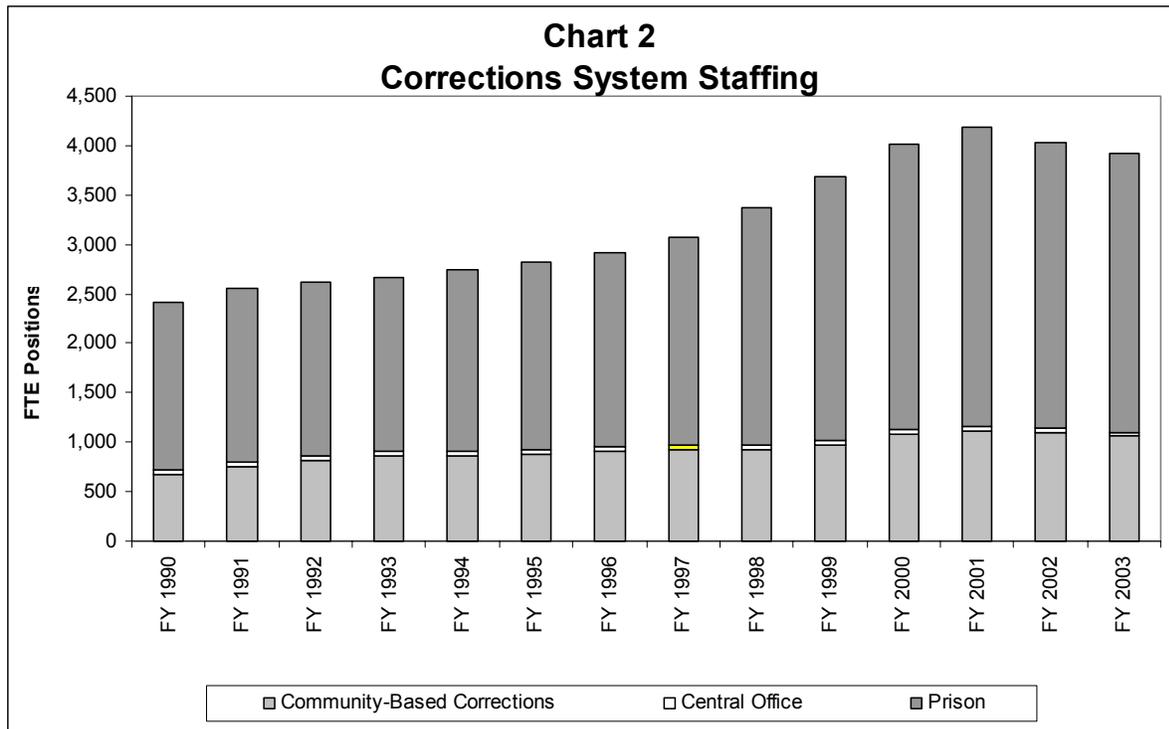


Chart 2 shows corrections system staffing between FY 1990 and FY 2003.



The CBC District Departments have responsibility for more than three-fourths of the offenders under correctional supervision while they have approximately 27.9% of the total staff. In FY 1990, CBC supervised 80.5% of the offenders, but by FY 2003, the percentage had declined to 76.6%. Between FY 1990 and FY 2003, the prison population increased from 3,842 to 8,395 inmates, an increase of 4,553 (118.5%) inmates. Over the same time period, the CBC population grew from 15,880 to 27,531 offenders, an increase of 11,651 (73.4%).

Table 1 below shows the distribution of FTE positions for the corrections system.

**Table 1  
Corrections System FTE Positions**

|                | FY 1990 | FY 2003 | Percent Change |
|----------------|---------|---------|----------------|
| Prisons        | 1,693.4 | 2,824.6 | 66.8%          |
| CBC            | 679.7   | 1,108.4 | 63.1%          |
| Central Office | 42.1    | 32.5    | -22.8%         |
| Total          | 2,415.2 | 3,965.5 | 64.2%          |

## Prison System

The Iowa corrections system operates a continuum of sanctions, ranging from probation with minimal supervision to incarceration. The prisons provide the most severe level of sanction, incarcerating violent offenders and those offenders who cannot be safely managed in community settings. In addition to security, prisons provide for housing; dietary services; medical, mental health and substance abuse treatment; education and job skills training; behavioral and psychological treatment; and recreational activities.



**Facilities** – The prison system has nine major prison facilities with a total of 6,972 general population beds and 511 medical and segregation beds. The prisons were operating at 122.0% of designed capacity on January 9, 2004. **Table 2** describes the nine prisons and distribution of the general population beds.



**Table 2**

### Iowa Prison System

(As of January 9, 2004)

| Prison        | Current Capacity | Security Type                          | Population        | No. Over Capacity | Emphasis                                     |
|---------------|------------------|--|-------------------|-------------------|--|
| Ft. Madison   | 1,081            | Max. – 749<br>Med. – 152<br>Min. – 180 | 771<br>164<br>168 | 22<br>12<br>-12   | General – Male                               |
| Anamosa       | 984              | Med. – 913<br>Min. – 71                | 1,240<br>58       | 327<br>-13        | General/Education – Male                     |
| Mitchellville | 443              | Min. – 443                             | 579               | 136               | General – Female                             |
| Newton        | 928              | Min. – 166<br>Med. – 762               | 241<br>937        | 75<br>175         | Pre-Release – Male<br>General                |
| Oakdale       | 504              | Med. – 504                             | 726               | 222               | Reception/Evaluation/<br>General/Psychiatric |
| Mt. Pleasant  | 875              | Med. – 875                             | 1,085             | 210               | Substance Abuse/Sex<br>Offender – Male       |
| Ft. Dodge     | 1,162            | Med – 1,162                            | 1,227             | 65                | General Male/Youthful<br>Offender            |
| Clarinda      | 750              | Med. – 750                             | 820               | 70                | Special Learning – Male                      |
| Rockwell City | 245              | Med. – 245                             | 493               | 248               | General – Male                               |
| <b>Total</b>  | <b>6,972</b>     |  | <b>8,509</b>      | <b>1,537</b>      |  |

## Iowa Corrections System

The Iowa State Penitentiary at Ft. Madison, Iowa's oldest prison, was constructed in 1839 and serves as the primary maximum-security facility. The Anamosa State Penitentiary was built before 1900.

Since the beginning of FY 1990, 4,466 prison beds have been added to the system, an increase of 153.1%. Listed below in **Table 3** are recent additions to the system:

**Table 3**

### Recent Prison Construction

| Location               | Type of Facility   | Design Capacity      | Opening Date                |
|------------------------|--|----------------------|-----------------------------|
| Clarinda               | Men – general population, medium security, replaced 152-bed facility | 750 beds             | April 1996                  |
| Newton                 | Men – general population, medium security                            | 750 beds             | July 1997                   |
| Fort Dodge             | Men – general population, medium security                            | 750 beds<br>400 beds | July 1998<br>February 2000  |
| Mount Pleasant         | Women – special needs  | 100 beds             | April 1999                  |
| Mitchellville          | Women – general population, medium security                          | 184 beds<br>48 beds  | April 2000<br>November 2000 |
| Fort Madison           | Men – special needs  | 200 beds             | August 2002                 |
| Anamosa/Luster Heights | Men – minimum security, substance abuse treatment                    | 17 beds              | FY 2004                     |
| Clarinda               | Men – minimum security   | 225 beds             | FY 2004                     |
| Oakdale                | Men – special needs  | 170 beds             | FY 2006                     |

**Projected Prison Population Growth** – On January 9, 2004, there were 8,509 inmates in Iowa's prison system. This is 128 (1.5%) more inmates than one year ago. Prison admissions have outpaced releases for each of the last four years. The DOC and Board of Parole have worked together to increase supervised releases, such as work release and parole. However, probation and parole revocations to prison (i.e., prison admissions) have increased. This increase is primarily due to increased caseloads in the CBC system, reduced substance abuse treatment, and a lack of alternative sanctions.

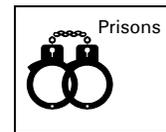


The Criminal and Juvenile Justice Planning Division (CJJPD) of the Department of Human Rights has prepared a prison population forecast that adjusts for the recent departmental policy changes and projects prison population growth through FY 2013. If current offender behavior and justice system trends remain unchanged, the prison population will be 11,925 inmates by June 30, 2013, an increase of 40.4% over the next 10 years. The growth is attributable to:



- An increase in new prison admissions. Admissions to prison have increased by 84.4% since FY 1993.
- An increase in felony charges filed. Felony filings in district courts have increased by 27.1% since FY 1999, the first year this information was available.
- An increase in CBC offender populations. The number of offenders supervised by the CBC District Departments has increased 63.0% since FY 1993.
- An increase in admissions of drug offenders. These admissions have increased by 201.4% since FY 1993.
- Housing federal prisoners and detainees. There were 208 federal prisoners and detainees housed in Iowa prisons on October 24, 2003.
- Increase in the number of inmates who are required to serve at least 70.0% of their maximum sentence. The offenses include Second Degree Murder, First and Second Degree Robbery, Second Degree Sexual Abuse, and Second Degree Kidnapping. Effective July 1, 1998, Vehicular Homicide with Leaving the Scene of the Accident and Attempted Murder were added to the list of offenses. There were 684 inmates in the prison system under these laws on June 30, 2003. The CJJPD's forecast indicates that approximately 660 additional prisoners will be incarcerated in Iowa prisons under these laws by June 30, 2013. The laws will have a greater impact in future fiscal years.

**Addition of Five New Prisons** – The forecast creates capacity issues because based on the forecast, the prison system will be operating at 161.5% of current design capacity by the end of FY 2013. According to the DOC, for every 1,000 increase in the inmate population, a new 800-bed prison will need to be constructed. This assumes each prison will operate at 125.0% of capacity. If the inmate population reaches 11,925, five new 800-bed prisons will need to be built at an estimated construction cost of \$50.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million. Total capital costs are estimated to be \$250.0 million and annual operating costs are estimated to be \$140.0 million.

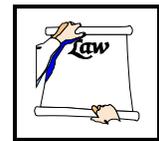


### Community-Based Corrections

The CBC system is an alternative to incarcerating persons convicted of low-risk criminal offenses and work release offenders returning to Iowa communities. Chapter 901B, Code of Iowa, requires each CBC District Department to have a “continuum of sanctions”. Chapter 901B, Code of Iowa, applies to all offenders in the CBC system, i.e., offenders on parole, probation, or in residential facilities such as work release and the Operating While Intoxicated (OWI) treatment program. The District Departments’ ability to supervise higher risk offenders depends on responsible caseloads and an adequate amount of probation and parole officers to manage those cases.

The person on probation or parole resides in the community under the supervision of the CBC District Department and participates in treatment programs. In terms of the continuum of sanctions, the CBC District Departments’ level of supervision ranges from low-risk supervision, also called “banked caseloads,” for individuals who need the very least supervision, to residential supervision where the clients live in a facility. The CBC residential capacity provides a structured setting for transitional offenders. Between those extremes fall intensive supervision (with and without electronic monitoring) and regular probation and parole. The level of supervision is matched, on a case-by-case basis, to the offender’s level of self-control and ability to conform to program and supervision requirements. As the client improves, he/she is moved to a less intense level of supervision. Pursuant to Chapter 901B, Code of Iowa, CBC District Departments may make use of the continuum of sanctions to provide incremental sanctions (moving offenders to a higher level of the continuum) for violations of the rules of an offender’s supervision agreement.

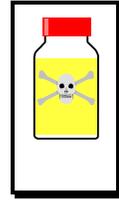
Pursuant to Section 905.7, Code of Iowa, the DOC provides assistance and support to each of the eight CBC District Departments. The DOC has regulatory responsibilities for CBC programs, including statewide planning, budget oversight, establishment of program guidelines, and development of performance measures. The General Assembly appropriates funds to the DOC and allocates those funds to each CBC District Department.



The CBC District Departments are responsible for establishing those services necessary to provide a program that meets the needs of the judicial district. Each CBC District Department contracts annually with the DOC to provide pre- and post-institutional services. Each CBC District Department is under the direction of a board of directors and is administered by a director appointed by the board. Each CBC board sets policy, approves budget requests for submission to the Board of Corrections, and oversees program operations. In addition, each district has one or more citizen advisory boards.

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The CBC District Departments offer a continuum of sanctions pursuant to Chapter 901B, Code of Iowa, including a number of programs intended to modify the client's behavior so he/she can live in the community as a law-abiding citizen. Funding for these programs has been significantly reduced due to budget reductions the last two years. Some of the major programs are:



- Day Programming
- Drug Court
- Youthful Offender Program
- Sex Offender Program, including a hormonal intervention therapy option
- Community Work Crew Program and Community Service Sentencing
- Violator Program
- Pre-trial services
- Residential facilities

**Residential Facilities** – The CBC District Departments had 1,430 residential facility beds in January 2004, with an average of 607 offenders waiting to enter the facilities. The DOC and CBC District Directors agreed to reallocate facility space to accommodate 300 additional beds during FY 2000. These beds are used for probationers needing the highest level of community supervision, for inmates leaving prison on work release, and for OWI treatment programming. The District Departments reallocate beds among these programs as program demand changes. **Table 4** shows the distribution of CBC residential beds.

- There have been 771 CBC residential facility beds added to the system since FY 1990, an increase of 116.9%. The following projects have recently been completed to add residential beds:



- ◆ The Fifth CBC District Department opened Building 68, a 119-bed work release facility at Fort Des Moines, in March 1999. This facility replaced a rented, 40-bed facility. Building 70 (80 residential beds) was opened in May 1999 to move probationers out of Building 65/66 so that it could be renovated. The District Department completed renovation of Building 65/66 in April 2000, which added 24 beds to its OWI capacity.
- ◆ The First CBC District Department added a 36-bed expansion to an existing facility in Dubuque. Construction was completed in July 2001.
- ◆ The Fourth CBC District Department constructed a new 26-bed residential facility for women. The facility opened in August 2003.

**Table 4**  
**Community-Based Corrections Bed Space Distribution**  
 (As of January 2004)

| District | Facility                                | Probation | Work<br>Release | OWI | Total<br>Capacity |
|----------|---|-----------|-----------------|-----|-------------------|
| 1        | Waterloo Residential                    | 96        | 40              | 14  | 150               |
| 1        | Dubuque Residential                     | 51        | 21              | 8   | 80                |
| 1        | West Union Residential                  | 36        | 10              | 2   | 48                |
| 2        | Ft. Dodge Residential                   | 23        | 9               | 2   | 34                |
| 2        | Ames Residential                        | 31        | 8               | 6   | 45                |
| 2        | Marshalltown Residential                | 38        | 13              | 0   | 51                |
| 2        | Mason City Residential                  | 35        | 10              | 6   | 51                |
| 3        | Sioux City Residential                  | 26        | 18              | 13  | 57                |
| 3        | Sheldon Residential                     | 15        | 12              | 2   | 29                |
| 4        | Council Bluffs Residential              | 34        | 21              | 6   | 61                |
| 4        | Women's Residential                     | 18        | 6               | 2   | 26                |
| 5        | Des Moines Residential/<br>Work Release | 80        | 119             | 0   | 199               |
| 5        | Des Moines Women's<br>Facility          | 32        | 12              | 4   | 48                |
| 5        | Des Moines OWI Facility                 | 0         | 0               | 67  | 67                |
| 6        | Cedar Rapids Residential                | 10        | 42              | 38  | 90                |
| 6        | Cedar Rapids Work Release               | 68        | 12              | 3   | 83                |
| 6        | Coralville Residential                  | 26        | 15              | 14  | 55                |
| 7        | Davenport Residential                   | 54        | 10              | 0   | 64                |
| 7        | Davenport Work Release                  | 6         | 50              | 25  | 81                |
| 8        | Burlington Residential                  | 23        | 30              | 7   | 60                |
| 8        | Ottumwa Residential                     | 25        | 15              | 11  | 51                |
|          | Total                                   | 727       | 473             | 230 | 1,430             |

**Community-Based Corrections Population Growth** – The CJJPD does not forecast the CBC populations. The following information was prepared using average annual percentage growth rates. The average annual growth rate for the CBC population since FY 1997 (six-year average) has been 5.0%, and since FY 1989, the growth rate has averaged 4.7% (14-year average). Both of these averages are presented to provide a projection range.



With the 4.7% annual growth rate, the CBC population would be 45,585 in FY 2013. This is an increase of 18,054 (65.6%) offenders. With the 5.0% annual growth rate, the CBC population would reach 45,728 in FY 2013, which is an increase of 18,197 (66.1%).

**Funding to Maintain Current Level of Services** – The above projection shows CBC population growth ranging from 65.6% to 66.1% by FY 2013. Assuming the budget needed to fund the current level of services would increase at the same rate as the CBC offender population, then by FY 2013, the CBC District Departments would need a budget of approximately \$85.6 million. The General Fund appropriation for CBC for FY 2004 is \$60.0 million.

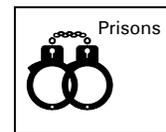
### Iowa Prison Industries

Iowa Prison Industries oversees traditional Industries' programs, private sector employment, and the prison farms. Iowa Prison Industries is self-funded and operates without General Fund support. The customer base is restricted to government entities, and no sales may be made to the general public. Iowa Prison Industries must generate operating capital to remain in business and expand traditional programs.

### **Traditional Prison Industries**

Traditional Prison Industries employs 329 inmates a month, on the average, in traditional programs. Inmates interview for these jobs, work 40 hours per week, and are eligible for overtime and bonuses. Total sales were \$15.3 million in FY 2003, an increase of \$1.7 million (12.8) compared to FY 2002. Iowa Prison Industries reported a loss of \$71,200 for FY 2003 compared to a loss of \$1.1 million in FY 2002. There are four traditional Industries locations:

- ▶ Fort Madison produces all wood products and has a contract with the Department of Economic Development for tourism. The average number of inmates employed is 116, and the average allowance paid to inmates at this location is \$0.61 per hour.



- ▶ Anamosa manufactures all metal products, has limited printing capacity, and has programs in custom woodworking, auto body, Braille texts, and cleaning products. The average number of inmates employed is 148, and the average allowance paid to inmates at this location is \$0.62 per hour.

## Iowa Corrections System

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- ▶ Mitchellville manufactures office systems, chairs, printing, and CD-ROM. This location also has an agreement with the Department of General Services to manage the State's surplus property. The average number of inmates employed is 36, and the average allowance paid to inmates at this location is \$0.58 per hour.
- ▶ Iowa Prison Industries began operating a centralized canteen system for six of the prisons in September 2001 (FY 2002) at the Newton Correctional Facility. The average number of inmates employed is 29, and the average allowance paid to inmates is \$0.54 per hour.

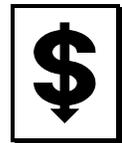
## Private Sector Employment

Private sector employment of inmates is managed by Iowa Prison Industries in compliance with federal law. The Department of Workforce Development establishes the prevailing wage that inmates must be paid. Iowa Prison Industries is not currently seeking to expand this program. Space is limited, and Iowa Prison Industries has no funding available to construct buildings. Private sector employment is available at the following locations: Clarinda, Fort Dodge, Mitchellville, Mount Pleasant, Newton, and Rockwell City.



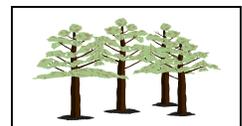
During FY 2003, there were 10 companies that employed 148 inmates, on the average, in private sector jobs. The inmates earned a total of \$1.6 million in FY 2003, which is a decrease of \$600,000 (27.3%) compared to FY 2002. Inmate earnings were distributed as follows:

- ▶ Deposit to the General Fund: \$557,000, a decrease of \$149,000 (21.1%) compared to FY 2002.
- ▶ Inmate savings accounts: \$319,000, a decrease of \$98,000 (23.5%) compared to FY 2002.
- ▶ Victim Compensation: \$82,000, a decrease of \$25,000 (23.8%) compared to FY 2002.
- ▶ Restitution: \$165,000, a decrease of \$54,000 (24.9%) compared to FY 2002.
- ▶ Family and child support: \$185,000, no change compared to FY 2002.
- ▶ Taxes: \$308,000, a decrease of \$182,000 (37.2%) compared to FY 2002.



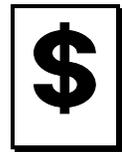
## Prison Farms

The State prison farms are located at Anamosa, Eldora, Fort Madison, Glenwood, Newton, Oakdale, Clarinda, Independence, Mitchellville, Rockwell City, and Woodward. There are 7,186.7 acres, distributed as follows:



- 843.9 acres of cropland.
- 1,280.0 acres of pasture.
- 2,612.3 acres rented to the private sector.
- 114.8 acres of prison gardens.
- 83.9 acres operated by the Department of Natural Resources for the State Nursery at Fort Madison.
- 8.7 acres of wetlands.
- 560.0 acres of timber.
- 1,683.06 acres maintained by the Institutions.

The prison farms are self-funded and operate without General Fund support. Prison farms must generate operating capital to remain in operation. The farms' financial statements are reported on a calendar year basis. Net profit for calendar year 2002 was \$161,000. Gross profit averaged \$374,000 over the last six years. Net income averaged \$94,000 during the same period. During calendar year 2002, inmates worked a total of 142,000 hours on the farms. This is the equivalent of 113.0 FTE positions and 18.0 part-time FTE positions. The farms provide 8.0% of the total work performed by inmates through Iowa Prison Industries.



### Summary

The corrections system can be expected to continue to grow over the next decade, both in prisons and CBC. This growth will require the construction of new prisons, increased need for expansion of Iowa Prison Industries, and an increase in CBC staffing and programming if current levels of service are to be maintained. Other states are in similar situations as Iowa, with increasing prison populations and decreasing General Fund receipts. Other states have recently taken steps to contain corrections spending by reducing demand for prison beds. These options include:



- Repeal or reduce mandatory minimum terms.
  - Ease habitual offender laws.
  - Expand early release or parole eligibility.
  - Enhance judicial discretion in criminal sentencing.
-

## Iowa Corrections System

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- Expand drug treatment availability.
- Establish a Sentencing Commission.
- Increase alternatives to prison for technical violators.
- Create emergency release mechanisms.

All alternatives listed previously would require additional resources for the DOC and/or the CBC District Departments. The alternatives, however, provide methods for future cost avoidance. The future costs of Iowa's current criminal penalties are greater than the costs of the alternatives.

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## JUDICIAL DISTRICT AND JUDICIAL RESOURCES STUDY COMMITTEE

The Judicial District and Judicial Resources Study Committee was created for the 2003 Legislative Interim by the Legislative Council pursuant to HF 694 (Courts Practices and Procedures Act). Senator Don Redfern and Representative O. Gene Maddox were elected as permanent co-chairpersons of the 31-member committee. The Committee will submit a report to the General Assembly by January 30, 2004.



The structure of the courts and the eight judicial districts has not changed since 1972. Since that time, caseloads and population patterns have changed. There is a disparity in the allocation of judicial officer resources, which was reflected in the 2002 Weighted Caseload Study completed by the National Center for State Courts.

The last time judicial officer positions were added was in the 1999 Legislative Session (FY 2000 Justice System Appropriations Act) when four District Court Judges and three District Associate Judges were added. The General Fund appropriation in FY 2000 was \$112.4 million. The FY 2004 Judicial Branch budget is estimated to be \$119.9 million, which is an increase of \$7.4 million (6.6%) compared to FY 2000. The overall Justice System Appropriation has increased by \$29.8 million (6.3%) between FY 2000 and the FY 2004.

House File 694 (Courts Practices and Procedures Act) streamlined some current court practices and procedures and allowed for some flexibility in filling judicial branch vacancies. Highlights of that legislation include the following:

- A potential 180-day delay for judicial nominations for budgetary reasons.
- A clerk of the district court may serve in four contiguous counties in the same district.
- Satellite magistrate offices may be reinstated if the city pays the extra costs incurred by the Judicial Branch.
- Judicial district and judicial election district reorganization is to start in 2012 and re-occur every ten years thereafter.
- Transfer of judgeships by attrition.
- Voluntary permanent transfers of district court judges.

On August 14, 2003, the Judicial Council approved moving a district court judgeship from the 8<sup>th</sup> Judicial District to the 6<sup>th</sup> Judicial District. The new statutory procedure to reallocate judgeships took effect July 1, 2003.

## Judicial District and Judicial Resources Study Committee

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### 2002 Iowa State Supreme Court Advisory Committee on Judicial Branch Redistricting

The Supreme Court held an advisory committee during the 2002 interim to discuss redistricting but the report was not submitted to the General Assembly for consideration in December. Rather a decision was made to wait until after the Legislative Interim Study.



### Current Legislative Interim Committee

The Judicial Resources Interim Committee met three times this interim. Information on the Interim Committee meetings can be found at:

<http://www.legis.state.ia.us/GA/80GA/Interim/2003/comminfo/judredist.htm>

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## DEPARTMENT OF NATURAL RESOURCES REGULATIONS APPLICABLE TO CITIES AND COUNTIES INTERIM STUDY COMMITTEE

The 2003 General Assembly passed SF 453 (FY 2004 Reinvention of Government Act) that established an Interim Study Committee to review the Department of Natural Resources (DNR) enforcement and penalty policies that relate to counties and cities. Other charges of the Committee include:

- Review options for changing the Department's enforcement approach from using punitive measures to using a more collaborative approach.
- Review amounts charged for fines.
- Consider designating a portion of fines collected to be applied against the cost of compliance.



### Background Information

The DNR estimates that between 200 and 250 Administrative Orders are issued each year. Of that amount, between 18 and 31 Administrative Orders are issued to counties and cities, with the majority issued to cities. Since 1998, only one city has been referred to the Attorney General for court action. The issue involved repeated wastewater discharge violations. Areas of noncompliance include:

- Counties – the majority of the Administrative Orders issued to counties are related to permitted sanitary landfill operations, illegal burning, or failure to control the dust on county roads.
- Cities – the following categories summarize the Administrative Orders issued to cities:
  - ✦ Wastewater – More than half of the Administrative Orders are related to the operation of sewage treatment plants.
  - ✦ Water supply – The second most common area of noncompliance is related to water quality issues.
  - ✦ Air quality – Areas of noncompliance include the national asbestos emission standards for hazardous air pollutants.
  - ✦ Solid waste – Areas of noncompliance include illegal burning and illegal solid waste disposal.



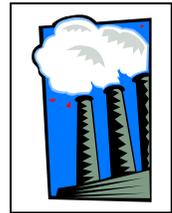
## DNR Regulations Applicable to Cities and Counties

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### Interim Study Committee Meeting Summary

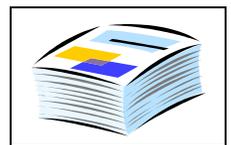
The Interim Study Committee met on November 12, 2003. Senator Ron Wieck and Representative Sandy Greiner chaired the meeting and the Committee listened to the following testimony:

- Ames – Tom Neumann, Director of Water and Pollution Control Department, discussed problems he has encountered with the DNR regarding discharge permits, city well replacement, and construction permits.
- Sioux City – Paul Eckert, City Manager, and his staff discussed problems they have encountered with the DNR regarding the applications for State Revolving Fund loans, issues related to water quality of drinking water, and solid waste comprehensive planning guidelines.
- Des Moines County Regional Waste Commission – Hal Morton, Executive Director, discussed enforcement inconsistencies within the DNR and suggested stakeholder groups be developed to assist the DNR with rule development and implementation. Two areas of concern discussed were solid waste plan development and air quality permits.
- Department of Natural Resources – The Department discussed the following issues:
  - ✦ Wayne Gieselman, Division Administrator, discussed changes being made within the Environmental Protection Division, including increasing staff at DNR Field Offices, development of long-term strategies, and training for individuals, businesses, cities, and counties.
  - ✦ Michael Murphy, Compliance and Enforcement Bureau Chief, provided a brief overview on the types of fines, fine processing, and collection of fines.
  - ✦ Brian Tormey, Energy and Waste Management Bureau Chief, provided a brief overview of policy changes being made to increase efficiency and provide better customer service in the Energy and Waste Management Bureau.



### Second Meeting

The Interim Study Committee will hold a second meeting in January 2004. The Committee members have received written documentation regarding DNR regulation issues from the three presenters at the first meeting. The Committee has received other written documentation regarding regulatory issues from the Iowa League of Cities and the Iowa State Association of Counties.



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## ENVIRONMENTAL INITIATIVES

The Governor's budget recommendations regarding the environment include:

- ❖ An increase in funding for Water Quality Summit Initiatives.
- Continued implementation of animal confinement regulation.
- Continued development and construction of a destination park that provides outdoor experiences similar to those in national parks across the nation.
- Funding for Environment First Fund programs.



Details regarding these issues are as follows:

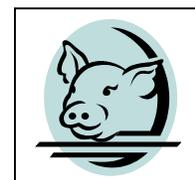
### ❖ Water Quality Summit Initiatives

Iowa has 200 impaired waterbodies on the 2002 federal listing as specified in Section 303(d) of the federal Clean Water Act. The Governor appointed the Department of Natural Resources (DNR) to organize five workgroups to develop program recommendations to eliminate impaired waterbodies in the State. The five workgroups included the following subject matter: Nutrients, Point Source Pollution, Non-Point Source Pollution, Impaired Waters Restoration, and Current Programs, Resources, and Deployment.

On November 24, 2003, the DNR hosted the Iowa Water Summit where the workgroups presented and discussed various recommendations. During the Summit, attendees were divided into discussion groups and provided additional comments regarding the recommendations. The workgroups met on November 25, 2003, and revised recommendations to include comments. The revised recommendations were submitted to the Governor in December 2003. *The Governor is recommending an increase of \$5.0 million from the Environment First Fund to address the Water Quality Summit Initiatives. The Governor included the elimination of impaired waterways by 2010 as part of the Enterprise Strategic Plan.*

### Animal Confinement Regulation

The 2002 General Assembly passed SF 2293 (Animal Agriculture Act) that changed statutory requirements regarding animal feeding operations and created the Animal Agriculture Compliance Fund. The DNR continues to implement the legislation. The following is a summary of current issues:



- Animal Agriculture Compliance Fund

## Environmental Issues

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- ◆ During FY 2003, total fees paid into the Animal Agriculture Compliance Fund were \$665,000.
- ◆ Other revenue to the Animal Agriculture Compliance Fund included a \$700,000 transfer from the Manure Storage Indemnity Fund and \$3,000 in interest.
- ◆ The beginning balance for FY 2004 for the Animal Agriculture Compliance Fund was \$945,000 and the FY 2004 beginning balance for the Manure Storage Indemnity Fund was \$200,000.

### ► Phosphorus Index



- ◆ The index will address the manner and timing of manure application from a confinement feeding operation to a production field.
- ◆ The index is used to determine manure application rates based on the number of pounds of phosphorus that may be applied per acre.
- ◆ The phosphorus index requirement will be phased in over a five-year period.
- ◆ The phosphorus index requirement is based on the federal Natural Resources Conservation Service (NRCS) technical guidelines.
- ◆ Statutory requirements regarding the phosphorus index include:
  - The DNR is required to develop a comprehensive State nutrient budget for each watershed.
  - The DNR is required to adopt Administrative Rules for a numeric water quality standard for phosphorus.
  - The DNR is required to complete a study analyzing the effects of phosphorus originating from municipal, industrial, farm, lawn care, and garden sources on State waterbodies by January 1, 2004.

### ► Air Pollutants

- ◆ The Act requires the DNR to conduct a field study to monitor airborne pollutants emitted from animal feeding operations.
- ◆ Enforcement of air-quality standards related to animal feeding operations cannot be enforced prior to December 1, 2004.
- ◆ The DNR received \$500,000 from the Environment First Fund for FY 2003 and FY 2004 to purchase animal feeding operations air-monitoring equipment. *The Governor is recommending no change in funding for FY 2005.*
- ◆ Based on field studies and information provided in the *Iowa Concentrated Animal Feeding Operations Air Quality Study* that was published by Iowa State University and the University of Iowa, the DNR adopted Administrative Rules



related to hydrogen sulfide and ammonia. The Rules were nullified by the General Assembly during the 2003 Legislative Session.

- ✦ The DNR is in the process of adopting new Administrative Rules for hydrogen sulfide and ammonia based on commonly known health risk data.

### Destination Park Development

The State destination park will be located in the area of Rathbun Lake and Honey Creek State Park. Over 1,600 acres are available for development for the park. Employees of the Department are working in conjunction with the local steering committee that include the Chariton Valley Resource Conservation and Development, the United States Army Corps of Engineers, and Rathbun Lake Resort, Inc. The following summarizes funding requests and activities:

- The Department received \$3.0 million from the Healthy Iowans Tobacco Trust Fund for FY 2004 for the following:

- ✦ Design and development of public use facilities.
- ✦ Grading and surfacing the construction area for the main road.
- ✦ Engineering and design of the main wastewater system.
- ✦ Hiring an outside firm to develop design plans for the area.



- ❖ *The Governor is recommending \$3.0 million from the Healthy Iowans Tobacco Trust Fund for the State destination park for FY 2005. This is no change in funding compared to the estimated net FY 2004 appropriation.*

### Environment First Fund Programs

The Environment First Fund was created by the 2000 General Assembly in SF 2543 (FY 2001 Infrastructure Appropriations Act) to provide funding for environmental programs. A standing appropriation of \$35.0 million was established for the Environment First Fund with funding from the Rebuild Iowa Infrastructure Fund (RIIF). The Transportation, Infrastructure, and Capitals Appropriations Subcommittee make recommendations to the General Assembly regarding programs that should receive appropriations from the Environment First Fund.

On June 12, 2002, the Iowa Supreme Court ruled the taxing of racetrack casinos at a higher rate than riverboat casinos was unconstitutional. The fiscal impact of the ruling was a \$38.0 million decrease in revenues for FY 2003 to the Rebuild Iowa Infrastructure Fund (RIIF) that funds the Environment First Fund.



During the 2003 Legislative Session, the General Assembly passed SF 436 (Environment First Appropriations Act) that transferred \$16.6 million from the Cash

## Environmental Issues

Reserve Fund to the Environment First Fund to provide program funding for FY 2003. The General Assembly also passed SF 452 (FY 2004 Infrastructure Appropriations Act) that appropriated \$33.5 million for Environment First Fund programs for FY 2004.

On June 9, 2003, the United States Supreme Court ruled that the different tax rates of racetrack casinos and riverboat casinos did not violate the equal protection clause under the United States Constitution. However, the case was remanded back to the Iowa Supreme Court for reexamination, however, the case has not been decided. Until the case is resolved, decreased revenues for FY 2004 will decrease funding to Environment First Fund programs.

- ❖ *The Governor is recommending \$40.0 million for environmental programs from the Environment First Fund for FY 2005. This is an increase of \$5.0 million (14.3%) compared to the estimated net FY 2004 appropriation.*

### Governor's Recommendations Funding Summary

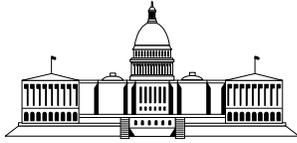
The following table details the Governor's FY 2005 budget recommendations for the DNR's environmental programs:

| Budget Unit                         | Funding Source                    | Governor's Recommendations (in millions) | Change in Funding                |
|-------------------------------------|-----------------------------------|--|----------------------------------|
| Destination Park                    | Healthy Iowans Tobacco Trust Fund | \$ 3.0                                   | Maintains funding                |
| <i>Water Summit Initiatives</i>     | <i>Environment First Fund</i>     | <i>5.0</i>                               | <i>Increase of \$5.0 million</i> |
| REAP                                | Environment First Fund            | 11.0                                     | Maintains funding                |
| Lake Restoration Program            | Environment First Fund            | 1.0                                      | Maintains funding                |
| Water Quality Monitoring            | Environment First Fund            | 3.0                                      | Maintains funding                |
| Marine Fuel Tax Capitals            | Environment First Fund            | 2.3                                      | Maintains funding                |
| State Parks                         | Environment First Fund            | 2.0                                      | Maintains funding                |
| Air Quality Protection              | Environment First Fund            | 0.5                                      | Maintains funding                |
| Water Quality Protection            | Environment First Fund            | 0.5                                      | Maintains funding                |
| Geographic Information System (GIS) | Environment First Fund            | 0.2                                      | Maintains funding                |
| Keepers of the Land                 | Environment First Fund            | 0.1                                      | Maintains funding                |

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## FEDERAL FUNDING ISSUES

For the past two years, Congress has been faced with budget deficits. Despite the recent surplus of \$127.3 billion for FFY 2001, the federal Treasury reported a deficit of \$158.5 billion for FFY 2003 and a deficit of \$374.2 billion for FFY 2003. When



Congress adjourned for the holidays, consideration of some of the FFY 2004 budget bills was not finished and continuing resolutions were passed to fund the remaining federal agencies until Congress reconvenes after the holiday recess. Upon return, Congress will again be faced with decisions on holding down spending for some domestic programs in order to provide the resources needed to fund the military effort against terrorism. This may result in decreases to some programs that provide Iowa with federal funding.

Current estimates are that in State FY 2004 Iowa will receive approximately \$3.805 billion in federal funds. This is an increase of \$49.1 million (1.3%) compared to actual State FY 2003 receipts. Approximately \$1.759 billion (46.2%) of this amount will be received by the Department of Human Services (DHS), primarily for Medical Assistance (Medicaid), Food Stamps, Children's Health Insurance, and Family Investment Programs. Other departments that will receive significant amounts of federal funds include:

- \$412.5 million for the Department of Education.
- \$374.3 million for the Board of Regents Institutions.
- \$261.7 million for the Department of Transportation.
- \$503.4 million for the Department of Workforce Development.

For State FY 2005, it is anticipated that Iowa will receive \$3.766 billion in federal funds, a decrease of \$28.8 million (0.8%) compared to estimated State FY 2004 receipts. Over \$1.826 billion (48.3%) of this amount will be received by the DHS. Other departments that will receive significant amounts of federal funds include:

- \$394.5 million for the Department of Education.
- \$374.3 million for the Board of Regents Institutions.
- \$275.7 million for the Department of Transportation.
- \$470.1 million for the Department of Workforce Development.

## Federal Funding Issues

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The estimated State FY 2004 and FY 2005 figures for federal funds are likely to be revised for a number of reasons, including:

- ▶ Prior to adjournment, the 108<sup>th</sup> Congress passed a continuing resolution and is currently funding some federal agencies at the level of the previous year. When the 108<sup>th</sup> Congress completes budget work for FFY 2004, it is likely that various federal programs will receive changes in allocations that will result in changes to estimated receipts for states.
- ▶ Some departments take a conservative approach and historically underestimate the amount of federal funds that are likely to be received when planning expenditures.
- ▶ A number of adjustments are made each time the books are closed on a federal fiscal year. This could result in reversion of unexpended federal funds and, where federal law allows, the carry-forward of federal funds into the next fiscal year.
- ▶ Rule changes in many federal programs take time to be finalized and published, and these changes could impact the amount of funds states will receive and the distribution of available funds.

Normally, by November of each year, the Federal Funds Information Service (FFIS) provides an analysis of some of the major federal grant programs and estimated allocations for each state. However, as Congress has not completed work on all appropriations bills and some federal agencies are operating on a continuing resolution, that analysis will not be available until the FFY 2004 budget is finalized. As soon as the bills are passed and FFIS completes the analysis by state, the level of federal funding that Iowa can expect to receive will be made available.

According to the National Conference of State Legislatures (NCSL), due to the aftermath of September 11, 2001, the 108th Congress and the President will have to continue to confront certain major issues that will impact Iowa, including:

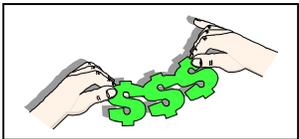


- ▶ Homeland Security.
- ▶ The continued war against terrorism.
- ▶ The potential threat of bioterrorism.
- ▶ A sluggish economy.

The General Assembly may wish to review the following issues:

- ▶ Children's Health Insurance Program (CHIP) – Iowa received its first allotment of this federal funding in October 1998. Unused funds for FFY 1998 were scheduled to revert in January 2001 to a federal pool for redistribution among states that have
-

exhausted allotments. Iowa had unused funds of \$6.1 million for FFY 1998 and \$11.4 million for FFY 1999. As a result of the federal Benefits Improvement and Protection Act, states with unused federal allotments were allowed to continue availability of a portion of the unused funds. Iowa was allowed to keep \$4.0 million of the unused FFY 1998 allotment and \$4.8 million from FFY 1999, in accordance with requirements of the federal Act. It was unclear whether states would be allowed to continue to retain these funds in the future. New federal legislation (Public Law 108-74) enacted on August 15, 2003, allows Iowa to continue to retain the FFY 1998 and FFY 1999 amounts. In addition, the legislation allowed states to retain 50.0% of the FFY 2000 allocation. This resulted in Iowa retaining \$4.2 million of the FFY 2000 allocation. For more information on this issue, contact Jennifer Vermeer (281-4611).

- ▶ Temporary Assistance for Needy Families (TANF) – On September 30, 2002, authorization for the TANF Program expired. At this time, Congress has not passed legislation to reauthorize funds for this welfare reform initiative, which began on October 1, 1997. States have been receiving TANF dollars under the authorization of continuing resolutions since October 1, 2002. Iowa has received \$131.5 million each year. If funding is not continued at the current level, the General Assembly may want to consider providing other funds to maintain current cash assistance and services. For more information on this issue, contact Jennifer Vermeer (281-4611).
- ▶ Medical Assistance (Medicaid) Program – As part of the Federal Fiscal Relief to States package, Congress included \$10.0 billion for State Medicaid Programs. The funding is allocated to the states in the form of an increase in the Federal Medical Assistance Percentage (FMAP) rate of 2.95%. The increase in the federal match rate reduces the amount of State match required for Medicaid. The increased FMAP rate is in effect for five quarters beginning with the last quarter of FY 2003 through FY 2004. Iowa's share is approximately \$59.0 million for FY 2004. The funds will need to be replaced in FY 2005, since the federal increase will expire. For more information on this issue, contact Jennifer Vermeer (281-4611). *The Governor is recommending an increase of \$59.7 million in the Medicaid Program in FY 2005. A portion of the increase is to replace the one-time federal funding.*
- ▶ The Surface Transportation Extension Act of 2003 postponed the expiration date of the Transportation Equity Act of the 21st Century (TEA-21) from September 30, 2003, until February 29, 2004. Once the Act is reauthorized, it will be referred to as the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003, or SAFETEA. Pending reauthorization, states have been receiving federal highway funds at the FFY 2003 funding levels under continuing resolutions. The latest resolution ended November 21, 2003. Iowa's apportionment for highway projects through that date totaled \$42.8 million. Future apportionments are currently unknown. Iowa's public transit agencies typically receive federal funds later in the fiscal year, and therefore, will not be affected by the delay in Congressional action. For more information on this issue, contact Mary Beth Mellick (281-8223).

## Federal Funding Issues

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- ▶ The Aviation and Investment Reform Act of the 21st Century (AIR-21) also expired on September 30, 2003. Pending reauthorization, a one-month continuing resolution does not allow for distribution of Federal Airport Improvement Program (AIP) grants to states. Future legislation regarding Federal aviation grants is currently unknown. For more information on this issue, contact Mary Beth Mellick (281-8223).
- ▶ Community-Oriented Policing Services (COPS) Grant – The Iowa Department of Justice was recently notified by the U.S. Department of Justice, Office of Community-Oriented Policing Services, that it will receive a three-year grant to address consumer fraud directed toward older Iowans. The \$447,000 grant award supports 2.0 FTE positions (Assistant Attorney General 3) to work with local law enforcement, county prosecutors, and the Division of Criminal Investigation. The new positions will plan, litigate, publicize and train others in successful prosecution of con artists. For more information on this issue, contact Beth Lenstra (281-6301).
- ▶ Federal Fiscal Year (FFY) 2003 supplemental appropriations:

- ◆ **FFY 2003 State Homeland Security Grant Program:** The Iowa Homeland Security and Emergency Management Division received \$7.7 million for a range of preparedness activities. The Division received \$5.4 million for terrorism incident protection equipment for the state, \$1.3 million for the conduct of exercises that focus on preventing terrorist acts, \$537,000 for planning and administrative funds to support updating and implementing state homeland security strategic plans, and \$403,000 to support training at the state and local level. The grants are 100.0 % federally funded and require an 80.0% pass-through to local governments.



- ◆ **FFY 2003 Supplemental State Homeland Security Grant Program:** The Iowa Homeland Security and Emergency Management Division received \$17.6 million for first responder preparedness, including \$12.7 million for equipment, \$912,000 for exercises, \$1.5 million for training, and \$2.4 million for planning and administrative support. The grants are 100.0% federally funded and require an 80.0% pass-through to local governments. In addition, Iowa received \$2.7 million for increased security measures at critical infrastructure sites during Operation Liberty Shield with a 50.0% pass-through to local governments.

- ◆ **Other State Agencies Receiving Homeland Security Funding FFY 2003:**

- Iowa Department of Public Health – \$16.4 million (Center for Disease Control and Prevention and Health Resources and Services Administration)
  - Iowa Central Community College – \$500,000 (Bureau of Justice Assistance)
  - Kirkwood Community College – \$2.0 million (Bureau of Justice Assistance)
-

- Iowa State University - \$1.0 million (Center for Disease Control and Prevention – Food Security)
  - Department of Natural Resources - \$350,000 (Environmental Protection Agency - Water Security)
- ✦ The following chart shows what State agencies received Homeland Security appropriations since September 11, 2001.

**Iowa Homeland Security Funding Since September 11, 2001**

Current as of: January 7, 2004

|   | Receiving Entity                 | Federal               |
|---|----------------------------------|-----------------------|
| Airport Security  | State (DPD - National Guard)     | \$ 1,200,000          |
| Animal Disease Surveillance & Response                            | Agriculture and Land Stewardship | \$ 622,166            |
| 2002 CDC Urgent Costs   | Locals                           | \$ 232,100            |
| 2002 CDC Urgent Costs   | State                            | \$ 277,914            |
| 2002 CDC - County Board of Health                                 | Locals                           | \$ 1,021,692          |
| 2002 CDC - County Board of Health                                 | State                            | \$ 7,573,532          |
| 2002 CDC - County EMS   | Locals                           | \$ 153,153            |
| 2002 HRSA - Hospitals   | Locals                           | \$ 118,976            |
| 2002 HRSA - Hospitals   | State                            | \$ 416,091            |
| 2002 CDC - Public Health Regions                                  | Locals                           | \$ 1,709,561          |
| 2002 HRSA - Hospital/EMS Regions                                  | Locals                           | \$ 755,460            |
| 2002 Emergency Responder Training Funds                           | Cedar Rapids Institute           | \$ 650,000            |
| 2002 - Emergency Management Performance Grant                     | State                            | \$ 764,330            |
| 2002 - Emergency Management Performance Grant                     | Locals                           | \$ 836,190            |
| 2002 - Supplemental Planning, Cit Corps & EOC Grant               | Locals                           | \$ 964,574            |
| 2003 - Supplemental Planning, Cit Corps & EOC Grant               | State                            | \$ 324,080            |
| 2003 - Emergency Management Performance Grant                     | State                            | \$ 1,231,503          |
| 2003 - Emergency Management Performance Grant                     | Locals                           | \$ 1,087,987          |
| 2004 - Emergency Management Performance Grant                     | State                            | \$ 1,170,949          |
| 2004 - Emergency Management Performance Grant                     | Locals                           | \$ 1,170,950          |
| 2002 - Terrorism Consequence Management                           | State                            | \$ 249,329            |
| 1999-2001 DOJ Domestic Preparedness Equipment Program             | Locals                           | \$ 1,912,500          |
| 1999-2001 DOJ Domestic Preparedness Equipment Program             | State                            | \$ 419,500            |
| 2002 DOJ Domestic Preparedness Equipment Program                  | Locals                           | \$ 3,263,600          |
| 2002 DOJ Domestic Preparedness Equipment Program                  | State                            | \$ 793,400            |
| 2003 State Homeland Security Grant Program                        | Locals                           | \$ 4,298,800          |
| 2003 State Homeland Security Grant Program                        | State                            | \$ 1,074,700          |
| 2003 State Homeland Security Grant Program - Supplemental         | Locals                           | \$ 14,062,400         |
| 2003 State Homeland Security Grant Program - Supplemental         | State                            | \$ 3,515,600          |
| 2003 Critical Infrastructure Protection                           | State & Locals                   | \$ 2,704,000          |
| 2003 CDC & HRSA (IDPH) [breakdown currently unavailable]          | State & Locals                   | \$ 16,400,000         |
| 2003 Bureau of Justice Assistance                                 | Iowa Central Community College   | \$ 500,000            |
| 2003 Bureau of Justice Assistance                                 | Kirkwood Community College       | \$ 2,000,000          |
| 2003 CDC Food Security  | ISU                              | \$ 1,000,000          |
| 2003 EPA Water Security   | DNR                              | \$ 350,000            |
| 2003 Urban Areas Security Initiative Discretionary Grant Program* | State                            | \$ 2,000,000          |
| 2004 State Homeland Security Grant Program*                       | State                            | \$ 4,556,800          |
| 2004 State Homeland Security Grant Program*                       | Locals                           | \$ 18,227,200         |
| 2004 Law Enforcement Terrorism Prevention Program*                | State                            | \$ 1,352,200          |
| 2004 Law Enforcement Terrorism Prevention Program*                | Locals                           | \$ 5,408,800          |
| 2004 Citizen Corps Grant Program*                                 | State                            | \$ 94,600             |
| 2004 Citizen Corps Grant Program*                                 | Locals                           | \$ 378,400            |
| <b>TOTAL</b>  |                                  | <b>\$ 106,843,036</b> |

## Federal Funding Issues

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For further information on federal funds received by the Department of Public Defense please contact Jennifer Acton (281-7846).

- **Federal Over-Recovery** – The federal government continues to request the return of federal funds used by agencies to pay for services provided by the Information Technology Enterprise that the federal government asserts was in excess of the federal share of the payment. *The Governor is recommending \$3.0 million to rectify issues of overcharges to the federal government for technology costs in areas partially funded by federal funds.*

Staff Contact: Doug Wulf (281-3250) [doug.wulf@legis.state.ia.us](mailto:doug.wulf@legis.state.ia.us)

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## FISCAL IMPACT OF ADMINISTRATIVE RULES



Section 27 of HF 636 (FY 2004 Legislative Branch Consolidation of Functions Act) requires a fiscal impact analysis for all new administrative rules with an annual impact of \$100,000 or an impact of \$500,000 over five years. Specifically, Section 27 requires agencies to provide a fiscal impact statement outlining expenditures meeting the above threshold by “all affected persons, including the agency itself.” The Fiscal Services

Division of the Legislative Services Agency (LSA) will analyze the statement and provide a summary of the analysis to the Administrative Rules Review Committee (ARRC).

This is a new requirement beginning in FY 2004. The Fiscal Services Division of the LSA provided a new fiscal impact statement form and draft instructions to agencies on June 6, 2003, to implement this new requirement. A forum was held with agency rules staff to discuss the draft instructions on June 19, 2003. The final form and instructions were issued on August 8, 2003.

### Implementation

Under the new process, agencies are required to submit a fiscal impact statement for each rule when the rule is filed with the Governor’s Office. The fiscal impact statement form includes a summary of the rule, revenue and expenditure impacts to the state, fiscal impacts to affected persons, and fiscal impacts to local governments. The Fiscal Services Division of the LSA then reviews and analyzes the agency’s statement and compiles a summary of the fiscal impacts to the ARRC.

The first Fiscal Services Division summary of the fiscal impacts was presented at the June 9, 2003 ARRC meeting. From June through December, the Fiscal Services Division has provided summaries of 500 rule changes. Of this total, 74 (14.8%) have identified a fiscal impact greater than \$100,000 annually or \$500,000 over five years.

When the new requirement was implemented in June, the ARRC and the LSA Fiscal Services Division agreed to review the process in six months to evaluate whether changes are needed. This review took place at the December ARRC meeting. Staff for the ARRC Committee solicited feedback from agency rules staff. Less than 10 comments were received and were presented to the Committee. The Fiscal Services Division discussed the status of the implementation and future process improvements that may be made during the 2004 interim. Members of the Committee commented positively on the fiscal impact information. The Committee made no changes to the process as it has been implemented to date.

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## LEGISLATIVE FISCAL COMMITTEE MAJOR ISSUES

The Legislative Fiscal Committee is a 10-member committee of the Legislative Council. The Committee's duties include:

- Gathering information to aid the General Assembly in properly appropriating money for the functions of government.
- Directing the administration of performance audits and visitations.
- Studying the operation of State government.
- Making recommendations regarding government reorganization to the General Assembly (Section 2.46, Code of Iowa).
- Conducts studies and reviews issues as assigned by the Legislative Council.

During the 2003 Legislative Interim, the Fiscal Committee met four times. Holly Lyons, Director of the Fiscal Services Division of the Legislative Services Agency, provided regular revenue updates, and the Committee also received notices of appropriations transfers and lease purchases. The following FY 2003 General Fund appropriations transfers were received:

| Dollars Transferred | Department/Division Transferred To | Dollars Transferred | Department/Division Transferred From |
|---------------------|------------------------------------|---------------------|--------------------------------------|
|                     | Dept. of Public Health             |                     | Dept. of Public Health               |
| \$ 98,873           | Addictive Disorders                | \$ 23,201           | Child & Adolescent Wellness          |
| 39,733              | Adult Wellness                     | 62,170              | Chronic Conditions                   |
| 76,716              | Community Capacity                 | 211,309             | Elderly Wellness                     |
| 16,677              | Environ. Hazards                   | 270                 | Infectious Disease                   |
| 277,154             | Public Protection                  | 178,845             | Injuries                             |
| \$ 509,153          | Total                              | 33,358              | Resource Management                  |
|                     |                                    | \$ 509,153          | Total                                |
|                     | Dept. of Rev. and Finance          |                     | Dept. of Rev. and Finance            |
| \$6,000             | Cigarette Stamp Printing           | \$6,000             | Compliance                           |
|                     | Dept. of Ag. and Land Stew.        |                     | Dept. of Ag. and Land Stew.          |
| \$ 402,000          | Soil Conservation                  | \$ 49,000           | Dairy Inspections                    |
|                     |                                    | 97,000              | Fertilizer Program                   |
|                     |                                    | 195,000             | Commercial Feed Prog.                |
|                     |                                    | 61,000              | Pesticide Program                    |
|                     |                                    | \$ 402,000          | Total                                |
|                     | Dept. of Natural Resources         |                     | Dept. of Natural Resources           |
| \$ 100,000          | Environmental Protection           | \$ 80,000           | Parks Division                       |
|                     |                                    | 20,000              | Energy and Geological Division       |
|                     |                                    | \$ 100,000          | Total                                |

## Legislative Fiscal Committee Major Issues

| Dollars Transferred                           | Department/Division Transferred To   | Dollars Transferred  | Department/Division Transferred From  |
|---|--|--|---|
| \$ 120,000                                    | Dept. of General Services<br>Capitol Interior Restoration  | \$ 62,796<br><u>57,204</u><br>\$ 120,000   | Dept. of General Services<br>Appraisal/Assessment<br>Land Acquisition/Improvement<br>Total  |
| \$ 52,000                                     | Governor's Office<br>Terrace Hill  | \$ 52,000  | Governor's Office<br>General Office   |
| \$ 490,000<br>200,000<br>37,500<br>\$ 727,500 | Dept. of Human Services<br>State Suppl. Assistance<br>Independence MHI<br>Personal Assistance<br>Total | \$ 400,000<br>35,000<br>25,000<br>30,000<br>200,000<br><u>37,500</u><br>\$ 727,500                   | Dept. of Human Services<br>State Cases<br>Volunteers<br>Medical Contracts<br>Health Ins. Prem. Pay. Program<br>Sexual Predator Program<br>Family Support Subsidy<br>Total   |
| \$ 300,000                                    | Dept. of General Services<br>Utilities Account   | \$ 300,000   | Dept. of General Services<br>Information Technology   |
| \$ 499,000                                    | Dept. of Inspect. & Appeals<br>Indigent Defense  | \$ 3,800<br>79,000<br>41,000<br>76,000<br>254,000<br>6,200<br>39,000<br><u>499,000</u><br>\$ 499,000 | Dept. of Inspect. & Appeals<br>Employment Appeal Board<br>Administrative Division<br>Admin. Hearings Division<br>Investigations Division<br>Health Facilities Division<br>Inspections Division<br>Pari-mutuel Division<br>Total |
| \$ 90,000                                     | Governor's Office  | \$ 90,000  | Department of Rev/Finance   |

The following FY 2004 General Fund appropriations transfers were received:

| Dollars Transferred   | Department/Division Transferred To  | Dollars Transferred                                 | Department/Division Transferred From  |
|---|---|---|---|
| \$ 13,534,741<br>1,665,259<br>\$ 15,200,000                     | Department of Management<br>Salary Adjustment Fund<br>Judicial Branch-Gen. Oper.<br>Total   | \$ 15,200,000                                       | Department of Human Services<br>Medical Assistance (Medicaid)   |
| \$ 50,000<br>100,000<br>2,452<br>88,755<br>63,359<br>\$ 304,566 | Department of Public Health<br>Adult Wellness<br>Child and Adoles. Well.<br>Infectious Disease<br>Public Protection<br>Resource Management<br>Total | \$ 174,177<br>41,389<br><u>89,000</u><br>\$ 304,566 | Department of Public Health<br>Chronic Conditions<br>Community Capacity<br>Environmental Hazards<br>Total |
| \$ 12,862   | Department of Human Rights<br>Status of African Americans   | \$ 12,862   | Department of Human Rights<br>Central Administration  |
| \$ 185,000<br>60,000<br>\$ 245,000                              | College Student Aid Commission<br>Tuition Grant Program<br>Voc. Tech. Tuition Grant Prog<br>Total   | \$ 245,000  | College Student Aid Commission<br>Scholarship/Grant Res. Fund   |

## Legislative Fiscal Committee Major Issues

| Dollars<br>Transferred | Department/Division<br>Transferred To | Dollars<br>Transferred | Department/Division<br>Transferred From |
|------------------------|---------------------------------------|------------------------|---|
| \$ 1,522,019           | Department of Public Safety           |                        | Various Departments                     |
|                        |                                       | \$ 3,225               | Commerce/Alcoholic Beverages            |
|                        |                                       | 688,361                | Corrections                             |
|                        |                                       | 590,914                | Human Services                          |
|                        |                                       | 37,933                 | Natural Resources                       |
|                        |                                       | 52,061                 | Revenue                                 |
|                        |                                       | 149,525                | Iowa Veterans Home                      |
|                        | <u>\$ 1,522,019</u>                   | Total                  |   |

The following lease-purchase acquisitions were received:

| Lease-Purchase<br>Dollars | Department   | Information  |
|---------------------------|--|--|
| \$200,000                 | Dept. of Corrections, Sixth Judicial District                  | Vehicle Replacement  |
| \$112,200                 | Dept. of Corrections, First Judicial District                  | Vehicle Replacement  |
| \$301,000                 | Department of Human Services, Cherokee Mental Health Institute | Patient Tracking and Detection System, with the transfer of the Sexual Predator Commitment Program |
| \$773,000                 | Board of Regents, University of Iowa                           | Property Purchase for the Hydraulics Research Project  |
| \$353,000                 | Board of Regents, Iowa State University                        | Stair replacement at Jack Trice Stadium  |

The Committee also heard periodic updates on:

- Healthy and Well Kids in Iowa (*hawk-i*) Program
- Medical Assistance Program
- Charter Agency and Reinvention of Government
- Pending court cases against the State of Iowa
- Child and Family Services and Adoption Subsidy Expenditures within the Department of Human Services



The following **Issue Reviews** were presented to the Committee throughout the Interim. More information on these topics is available from the Fiscal Services Division of the Legislative Services Agency. A complete listing of all **Issue Reviews** completed during the interim and memos written for the Fiscal Committee is contained in Appendix D.

## Legislative Fiscal Committee Major Issues

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### Issue Reviews Presented

- [Update on the Iowa Communications Network \(ICN\)](#)
- [Capitol Complex Security](#)



### Other Major Agenda Items

- FY 2003 Ending Balance – Review of the FY 2003 ending balance and the use of reserve funds.
- FY 2003 and estimated FY 2004 balances of various funds – Discussion included the Endowment for Iowa's Health Account, the Restricted Capital Fund, the Healthy Iowans Tobacco Trust (HITT) Fund, the Rebuild Iowa Infrastructure Fund (RIIF), the Environment First Fund, and the Senior Living Trust Fund.
- The Governor's item vetoes of and subsequent lawsuit by the General Assembly related to:
  - ◆ HF 692 (Taxation Changes, Grow Iowa Values, and Regulatory Reform Act)
  - ◆ HF 683 (Grow Iowa Values Fund Appropriations Act)
  - ◆ HF 614 (Voter Registration Act)
- Availability of the property and building located north of the Capitol, owned by Central Lutheran Church.
- Fair Labor Standards Act (FLSA) court cases involving State troopers within the Department of Public Safety, and employees of the Departments of Corrections, Transportation, and Natural Resources – Reviewed the financial implications of the lawsuit including impact to the General Fund.
- Court case relating to the wagering tax and the Racing Association of Central Iowa – Reviewed of the impact on the State General Fund of the court rulings and the impact on the Rebuild Iowa Infrastructure Fund (RIIF) balance.
- Progress by the Public Strategies Group (PSG), contracted by the Governor, for the Reinvention of Government and Charter Agencies efforts. This included:
  - ◆ Details of the contract
  - ◆ Cost of termination of the Project for Entrepreneurial Management at the Department of Administrative Services
  - ◆ Relationship with city and county governments



- ◆ Outcome measures and progress
  - ◆ Legislative proposals
  - Revenue Estimating and Impact of Accruals – Reviewed the method for estimating accruals and plans to improve the accuracy of the estimates.
  - Funding from the K-12 School Aid appropriation for the four institutions of the Department of Human Services that serve children – Reviewed estimates, special education weighting of the students, and educational costs.
  - Federal Department of Justice Report for the State Resource Centers at Woodward and Glenwood – Discussed the pending settlement, estimated cost, and additional FTE positions required.
  - Medical Assistance Program – In addition to monthly updates, discussion of pending Congressional action of prescription drug coverage within the Medicare Program and progress on action required in HF 619 (Medicaid Cost Containment Act). 
  - Prison Population Estimates between FY 2003 and FY 2013 and Department of Corrections expansion projects update – Discussion included budget issues and sentencing requirements.
  - Wind Energy – Discussed issues related to generation capacity and potential expansion of wind energy.
  -  ➤ Projected FY 2004 Fuel Costs – Discussion included FY 2003 expenditures and impact upon State agencies of the estimated increases for FY 2004.
  - Iowa Communications Network (ICN) – Reviewed alternatives associated with privatization by the ICN Ad Hoc Discussion Group.
  - Impact of the Governor's FY 2004 Across-the-Board Appropriation Reduction on Education.
  - National Highway Traffic Safety Administration Incentives (0.08%) – Discussed the federal requirement in relation to the original estimate of federal funds to be received by the Department of Public Safety.
  - On-Line Benefit Enrollment for State Employees.
  - Property Valuations:
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## Legislative Fiscal Committee Major Issues

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- ✦ Estimates – Discussed the FY 2005 General Fund impact from decrease in valuations compared to estimates.
  - ✦ Equalization – Discussed the impact upon property tax revenues.
  - ✦ Property Tax Committee – Discussed the status and timeframes.
- 
- Estimated Built-in Expenditure Increases and Decreases for FY 2005.
  - Actuarial Soundness of the Iowa Public Employees Retirement System (IPERS) and the Judicial Retirement Fund.
  - School District Insurance Pool Study Update.
  - Grow Iowa Values Fund – The Committee was presented information on economic development projects being funded through the Grow Iowa Values Fund.
  - Report on the State of the Economy.
  - Review of the FY 2003 State Indebtedness Report.
  - Update on the Tobacco Settlement Authority.
  - State of Iowa TRANS notes issuance.
  - Travel costs relating to the Governor and accompanying staff.

Materials distributed to the Committee related to these topics are maintained at the Fiscal Services Division office and are available upon request. The agenda, minutes, and handouts for each meeting can be found on the LSA web site at:

<http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>

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## GOVERNMENT OVERSIGHT COMMITTEE MAJOR ISSUES

During the 2002 Legislative Session, the General Assembly passed SF 2325 (Oversight and Government Reform Act) creating the Legislative Oversight Committee as a permanent Committee of the Legislative Council. Formerly the Committee had served as a combined appropriations subcommittee during the legislative session and a committee to review government programs and regulations administered or enforced by State government during the interim periods. The Act specifies the following powers and duties of the Committee:

- ▶ In addition to the duties assigned by the Legislative Council, the Committee shall systematically review the programs, agencies, and functions of the Executive and Judicial Branches of government to ensure that public resources are used in the most efficient manner to benefit the people of Iowa.
- 
- ▶ The Committee shall implement a systematic process of assessing programs, agencies, and functions. Annually, by October 1, the Committee shall identify the programs, agencies, and functions that will be subject to review and evaluation in the succeeding calendar year. An agency of State government selected by the Committee for review and evaluation shall provide information as required by the Committee, which may include but is not limited to the following:
    - ✦ Identifying the activities, services, products, and functions of the agency, including identifying those that are required and the source of that requirement. At a minimum, the sources identified shall include State law, State administrative rule, federal law, and federal regulation.
    - ✦ Specifying for all activities, services, products, and functions, the users or clientele, and the current level of need for and the level of satisfaction with the activity, service, product, or function.
    - ✦ Listing each discretionary activity, service, product, or function of the agency that is not required by State law, State administrative rule, federal law, or federal regulation.
    - ✦ Identifying the degree of alignment between the agency strategic plan adopted pursuant to Section 8E.206, Code of Iowa, and the requirements of the agency in State law and State administrative rule.
    - ✦ Identifying alternative methods of providing the agency's existing activities, services, products, and functions, and quantifying the impact to Iowans if such activities, services, products, or functions are no longer provided by the agency.

## Government Oversight Committee Major Issues

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During the 2003 Interim, the Committee met five times and has additional meetings scheduled for December 15 and 16. During the Interim, the Committee reviewed the following major areas:

### Major Issues Reviewed

- Reinvention of Government and Executive Branch contracts with the Public Strategies Group. The Committee committed many interim meeting agendas to receiving updates and monitoring the processes utilized under the master contract.
  - Changes to the Iowa Lottery during the 2003 legislative session and required updates. A subcommittee was established to meet with the Lottery during the transition process.
  - Iowa Values Fund and Iowa Values Board implementation plans. The Committee requested testimony from the Iowa Department of Economic Development regarding the process for selecting projects, the types of projects that applied for funding and the amount of the awards. The Committee will continue to monitor this project during the 2004 Legislative Session.
  - The authorization of the Department of Administrative Services during the 2003 Legislative Session. The Committee received updates regarding the restructuring of several Executive Branch agencies and the development of the new Administrative Services Department. The Committee will continue to monitor this project during the 2004 Legislative Session.
  - Reports mandated by the 80<sup>th</sup> General Assembly. Some reports required in legislation passed during the 2003 Legislative Session specify no recipient. The Co-Chairpersons contacted the Legislative Council to request that the Oversight Committee be the recipient of those reports.
  - Review of the Iowa Integrated Information (I/3) Project. Periodic updates through the interim were requested and received by the Committee. The Committee will continue to monitor this project during the 2004 Legislative Session.
  - Residential Services for Iowa's elderly, including assisted living and nursing facilities. The Oversight Committee looked at the assisted living nursing home facilities to determine what departments were involved with this issue, and the costs of monitoring and regulation of these facilities. The Committee also obtained clarification of the definition of assisted living facilities and communicated with individuals involved in regulating these facilities
  - Assisted Living and Adult Day Care service industry and regulation. The Committee received testimony from Executive Branch agencies and service providers regarding the implementation of HF 675 (Elder Group Homes and Assisted Living Regulation
-

Act) and HF 672 (Adult Day Services Regulation Act) passed during the 2003 Legislative Session.

- ▶ Subcommittees were established and met at least twice during the interim for each of the following topics: Fleet Management; Iowa Lottery; Advocacy Redesign; and, Regulatory Reform Priorities. Based on the findings from these Subcommittees, further legislative actions may be recommended by the Oversight Committee to the Legislative Council for the 2004 Legislative Session.
- ▶ A report to the Legislative Council on 2003 Oversight Committee activities, as well as topics the Committee has approved to review in 2004 has been drafted. The report includes:
  - ✦ Motions approved by the Committee for continued review of the Lottery, Regulatory Reforms, such as the Department of Natural Resources process for business permits and required reports, and the State fleet management operations for Regents Institutions and the Department of Public Safety.
  - ✦ A listing of topics reviewed during 2003 Interim meetings.
  - ✦ A listing of topics recommended for review during 2004.
- ▶ A summary of required reports assigned to the Committee as a result of the 2003 Legislative Session.

Materials distributed to the Committee related to these topics are maintained at the Legislative Services Agency (LSA) office and are available upon request. Additionally, the agenda, minutes, and handouts for each meeting can be found on the LSA web site at <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>.

### Departments and Programs Selected for Review in 2004

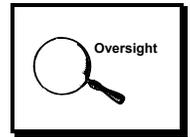
The Oversight Committee has selected the following departments, programs, and services for review during 2004, and identified some that will be discussed specifically during the 2004 Legislative Session. More topics may be added at the December meeting.

- ▶ To continue to study the development of the Department of Administrative Services throughout the 2004 Legislative Session.
  - ▶ To continue the review of the bidding process by the DAS, including issuance and use of master contracts and implications on local governments.
  - ▶ To continue the review of performance-based contracting for energy assistance in Iowa school districts.
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## Government Oversight Committee Major Issues

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- To continue the review of the condition and future of Iowa Public Employees Retirement System (IPERS).
- To continue the review of Assisted Living and Adult Day Care Programs.
- Review the Veterans Trust Fund. Follow-up and make recommendations for possible source of funding for the Fund.
- Review and oversight of Continuing Care Retirement Communities, Chapter 523D, Code of Iowa.
- Review and discuss non-profit organizations benefiting State agencies.
- Review of the Board of Educational Examiners. What is their role and whom do they report to?
- Review the role of Iowa Prison Industries to provide products and services in Iowa. What are the requirements for State agencies regarding utilization of Prison Industries and does the Legislature need to strengthen the requirement in order to provide additional work for treatment, vocational education, and rehabilitation of inmates.
- Review House Resolution 32 (Nursing Staffing Shortage Study) and the Governor's Task Force recommendations. Presenters will include the Health Care Association, the Dean of Nursing at the University of Northern Iowa, and nursing groups.
- A major focus will be reviewing various areas in education.



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## OVERVIEW OF FY 2005 BUDGETS AND SUBCOMMITTEE ISSUES

This Section presents a summary analysis of the FY 2005 Governor's Recommendations compared to estimated net FY 2004 appropriations and identifies possible issues to be discussed by individual appropriations subcommittees. The amounts requested for unassigned standings are not included in the totals for the appropriations subcommittees, but the issues may be discussed under the **Significant General Fund Changes Recommended and Issues Sections**.

It is important to note that:

- ▶ The Governor's Recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, in some instances an across-the-board reduction, and in some instances, a charter agency reduction. The Governor transferred \$15.2 million from the Department of Human Services, Medical Assistance (Medicaid) Program to the Salary Adjustment Fund. Since the salary adjustment transfer is considered a one-time transfer of funds, many departments have requested that the FY 2004 salary adjustment transfer funding be replaced by a General Fund appropriation in FY 2005.
- ▶ As of December 11, 2003, the Governor issued a Section 8.39 Appropriations Transfer Notice transferring \$1.5 million to the Department of Public Safety from the Departments of Commerce, Corrections, Human Services, Natural Resources, Revenue, and the Iowa Veterans Home. The figures in tracking do not reflect this transfer.
- ▶ Some departments and divisions have been designated as Charter Agencies, pursuant to Section 7J.1, Code of Iowa, beginning with FY 2004, for up to five years, ending in FY 2008. Charter agencies may be able to retain 50.0% of the unspent, year-end General Fund appropriation balance for five years beginning in FY 2004. Charter Agencies are exempt from any across-the-board General Fund appropriation reductions made by the Governor in FY 2004 and FY 2005, and may retain the proceeds from the sale or lease of assets, provided the assets are under the control of the Agency and provided the use of the proceeds is within the scope of the Agency. Charter Agencies are also exempt from the appropriated full-time equivalent (FTE) limitations for a period of five years, beginning in FY 2004.

The following departments and divisions are Charter Agencies:

- ◆ Department of Human Services
- ◆ Department of Corrections
- ◆ Department of Natural Resources
- ◆ Department of Revenue

## Overview of FY 2005 Budgets and Subcommittee Issues

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- ✦ Iowa Veteran's Home
- ✦ Alcoholic Beverages Division

Please see the Charter Agency page in this document for additional information.

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## ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

### MEMBERS

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Jack Holveck, Ranking Member  
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#### Legislative Services Agency

Ron Robinson – Fiscal Services Division  
Doug Wulf – Fiscal Services Division  
Sam Leto – Fiscal Services Division  
Ed Cook – Legal Services Division

### FY 2005 DEPARTMENT REQUESTS

The Governor is recommending \$92.4 million from the General Fund and 1,962.4 FTE positions for the 13 agencies of the Administration and Regulation Appropriations Subcommittee. This is a decrease of \$1.9 million (2.0%) and an increase of 5.9 (0.3%) FTE positions compared to estimated net FY 2004. This includes 31.5 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, other funds, or receipts. More information on the FTE positions is available from the Fiscal Services Division upon request.

The Governor's recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, an across-the-board reduction, and in some instances, a charter agency reduction. A new concept of funding included in the Governor's recommendation but not included in a department request, or Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

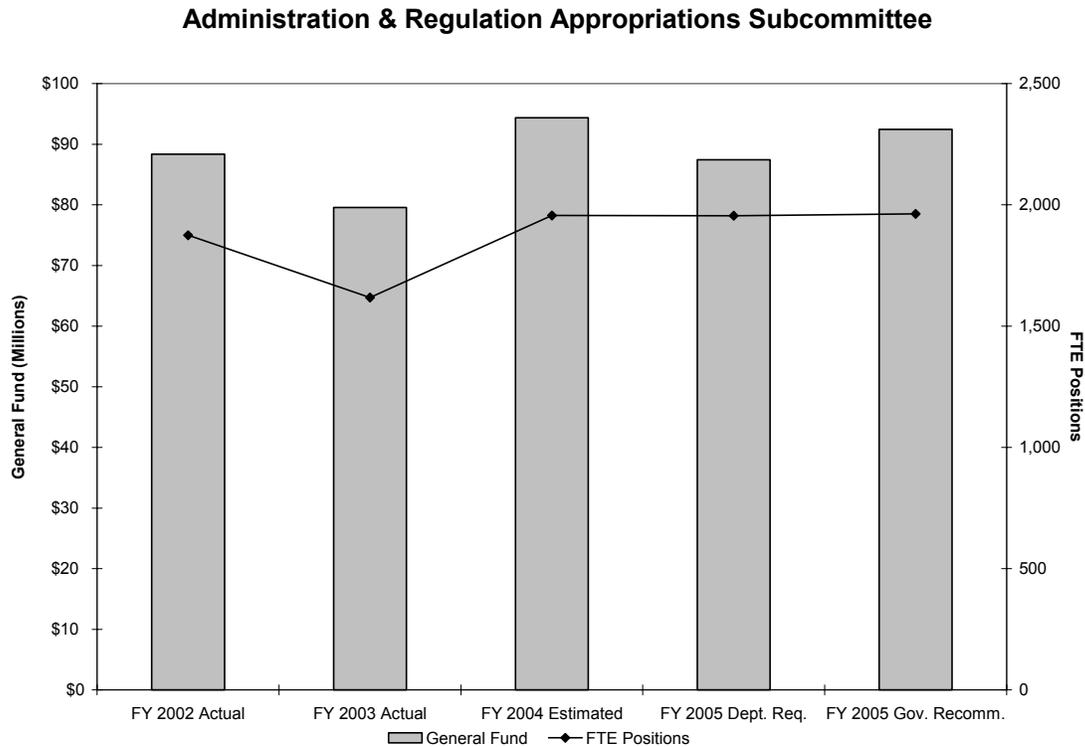


The Department of Revenue and the Department of Commerce's Alcoholic Beverages Division were designated Charter Agencies, pursuant to Section 7J.1, Code of Iowa, beginning with FY 2004 and for future years up to five, ending in FY 2008. As Charter Agencies, the departments may be able to retain 50.0% of the unspent, year-end General Fund appropriation balance for five years beginning in FY 2004. The departments are exempt from any across-the-board General Fund appropriation reductions made by the Governor in FY 2004 and FY 2005, and the departments may retain the proceeds from the sale or lease of assets, provided the assets are under the control of the department and provided the use of the proceeds is within the scope of the department. The departments are also exempt from the appropriated full-time

## Administration and Regulation Appropriations Subcommittee

equivalent (FTE) limitations for a period of five years, beginning in FY 2004. For FY 2004, the Department of Revenue agreed to provide \$1.0 million in additional revenue, and the Alcoholic Beverages Division agreed to provide \$1.3 million in additional revenue. (Division XII of SF 453, Reinvention of Government Act).

The following graph illustrates the history of the General Fund appropriations and FTE positions.



### Significant General Fund Changes Recommended

- ❖ **Department of Administrative Services** – An increase of \$2.4 million and 6.1 FTE positions compared to estimated net FY 2004. The significant changes include:
  - ❖ An increase of \$2.0 million for one-time start-up cash flow needs for the new Department.
  - ❖ An increase of \$713,000 for increased utility costs at the Capitol Complex.
  - ❖ A decrease of \$237,000 and 5.0 FTE positions to transfer the resources used for Terrace Hill Operations to the Governor's Terrace Hill Quarters appropriation.
- ❖ **Office of the Governor** – An increase of \$237,000 and 5.0 FTE positions compared to estimated net FY 2004 to transfer the resources used for Terrace Hill Operations to the Governor's Terrace Hill Quarters appropriation.

## Administration and Regulation Appropriations Subcommittee

- ▶ **Department of Management** – A decrease of \$5.6 million and no change in FTE positions compared to estimated net FY 2004. The significant changes include:
  - ✦ One-Time Funding – A decrease of \$8.6 million for one-time funding for reinvention savings, local government innovation loans, and charter agency loans.
  - ❖ The Governor is recommending \$3.0 million from the General Fund to be distributed to State agencies to provide the State share for the purchase of technology services. The funding would be built into agency budgets beginning in FY 2006. In the past, the federal government has made claim of federal over recovery. The claim has been that the State has drawn down more federal funds than the State was entitled to because State General Fund dollars were not available for the required State match. The recommendation addresses future claims of federal over recovery and does not address claims for past years.
  - ❖ The Governor is recommending \$6.5 million in the budgeted amount for the State Appeal Board standing unlimited appropriation for FY 2005. This is an increase of \$2.0 million compared to estimated net FY 2004. From FY 1999 through FY 2003, the State has paid an average of \$7.4 million in claims annually. Claims by the federal government concerning federal over recovery would go before the State Appeal Board. This appropriation can be located in the Unassigned Standings portion of General Fund Tracking of Appendix A.
- ❖ **Department of Revenue** – An increase of \$270,000 and no change in FTE positions compared to estimated FY 2004 to provide General Fund support for positions that are being funded with a Charter Agency Grant during FY 2004.
- ❖ **Office of the Secretary of State** – An increase of \$750,000 and no change in FTE positions compared to estimated net FY 2004 to provide the 5.0% State match required for anticipated federal funds to continue implementation of the federal Help America Vote Act.



### Issues

The Administration and Regulation Appropriations Subcommittee may wish to examine the following issues:

- ▶ **FY 2004 Budget Reduction Impact of 2.5% Across-the-Board Reduction**
  - ✦ **Department of Administrative Services** – Reduction of \$439,000 is not anticipated to cause an increase in the amount billed to other agencies. Approximately \$175,000 will be reduced in non-personal costs. Personnel costs will be reduced, without furloughs or layoffs, approximately \$252,000 through vacant positions, position reclassification, and an employee sharing agreement with another agency. An estimated \$12,000 is anticipated from leveraged funds. The reduction may negatively impact snow removal, and maintenance and repair of facilities and equipment.

## Administration and Regulation Appropriations Subcommittee

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- ✦ **Auditor of State** – Reduction of \$29,000 will be handled through reductions in data processing hardware line item by postponing replacement of laptop computers used by audit staff.
  - ✦ **Department of Commerce** – Reduction of \$485,000 is being responded to by the divisions as follows:
    - **Alcoholic Beverages Division** – The Division is a Charter Agency and is not subject to the across-the-board reduction. The reduction would have amounted to \$47,000.
    - **Banking Division** – A reduction of \$158,000 has resulted in a hiring freeze that will delay the development of new bank examiners to replace examiners that retire or leave employment with the Division. The reduction does not benefit the General Fund since any reduction to the Division results in an equal reduction in revenue going to the General Fund. 
    - **Credit Union Division** – A reduction of \$34,000 has resulted in a hiring freeze that will delay the development of new examiners to replace examiners that retire or leave employment with the Division. The reduction does not benefit the General Fund since any reduction to the Division results in an equal reduction in revenue going to the General Fund.
    - **Insurance Division** – A reduction of \$97,000 has resulted in the reallocation of 8.0 FTE positions to the Bureau of Financial Regulation, which is supported by appropriable receipts.
    - **Professional Licensing Division** – A reduction of \$22,000 has resulted in a reduction in expenses for office supplies, printing and professional services. The Division will increase the usage of on-line services and the ability of the Division to respond to complaints filed with the various boards will be negatively impacted.
    - **Utilities Division** – A reduction of \$174,000 resulted in a hiring freeze. The Division may request additional funding as allowed by Section 476.10, Code of Iowa. The reduction does not benefit the General Fund since any reduction to the Division results in an equal reduction in revenue going to the General Fund.
  - ✦ **Office of Drug Control Policy** – Reduction of \$6,000 will cause minimal impact, as federal funds will be used to offset the reduction. 
  - ✦ **Ethics and Campaign Disclosure Board** – Reduction of \$10,000 will be handled by reducing the number of Board meetings held, reducing support costs such as postage, supplies, and communications, and delays in technology projects and a planned salary increase to non-union staff.
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## Administration and Regulation Appropriations Subcommittee

✦ **Department of Human Rights** – Reduction of \$46,000 to be handled by the Divisions as follows:



- **Central Administration** – A reduction of \$7,000 will have no impact due to increased indirect cost allocation revenues from federal funds.
- **Deaf Services** – A reduction of \$9,000 in support costs office supplies, printing, and equipment purchases.
- **Persons with Disabilities** – A reduction of \$5,000 will have no impact due to leveraging new federal funds.
- **Latino Affairs** – A reduction of \$4,000 will be managed by using temporary staff and increased revenues through fees and grants.
- **Status of Women** – A reduction of \$8,000 will have no impact because a staff member was on unpaid Family and Medical Leave status for two months.
- **Status of African Americans** – A reduction of \$3,000 will be handled by reducing the ML King ceremonies and collaboration with other Divisions.
- **Criminal and Juvenile Justice Planning** – A reduction of \$10,000 will be handled by reducing its personnel budget.

✦ **Department of Inspections and Appeals and its attached units of the Employment Appeal Board and the Child Advocacy Board** – Reduction of \$190,000 will be handled through leveraging federal funds, maintaining vacant positions open longer, and searching for other efficiencies.

✦ **Department of Management** – A reduction of \$58,000 has resulted in the termination of a contract with the Information Technology Enterprise for local government software development, which is being moved in-house. Discretionary spending for printing, supplies, equipment and travel will also be reduced.



✦ **Department of Revenue** – The Department of Revenue is a Charter Agency and was not subject to the across-the-board reduction. The reduction would have amounted to \$615,000.

✦ **Racing and Gaming Commission** – Reduction of \$100,000 will be absorbed through a reduction in race dates at Bluffs Run and deferral of equipment purchases.

✦ **Secretary of State's Office** – Reduction of \$65,00 will be absorbed by reducing most line items, except personal services, in the Business Services area by 16.0%, and reduce professional and scientific services in the Elections, Voter Registrations and Administration area.

## Administration and Regulation Appropriations Subcommittee

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- ✦ **Governor's Office** – Reduction of \$48,000 will be managed by postponing hiring; reducing the number of mailings and increasing communication via email; reducing staff travel; and the Governor and Lt. Governor have voluntarily reduced their salaries by 2.5%. The Governor's Office will strive to maintain the same level of customer service with a reduced budget.
- ✦ **Treasurer of State** – Reduction of \$20,000 to be handled by maintaining funded vacant FTE positions.
- **Public Strategies Group (PSG)** – The consultants hired to help reinvent Iowa government have received the first payments for the ideas of reducing the level of funding to local governments and establishing Charter Agencies.
  - For reducing payments to local governments PSG is receiving \$2.85 million, which was paid out as follows: a first payment of \$400,000 was made to PSG on July 24, 2003, the second \$400,000 was the following week, with 5 additional payments of \$400,000, one every two weeks, and a final payment of \$50,000.
  - For Charter Agency savings PSG received payment of \$77,500, for the savings provided by the Departments of Human Services, Corrections and Natural Resources.
  - For Child Welfare Redesign, the DOM has certified a savings of \$10.0 million due to the FY 2004 reduction implemented for Child and Family Services within the Department of Human Services. This will result in a payment of \$247,500 for the last payment to PSG for the areas of appropriation reduction and increased revenues to the General Fund, bringing the total for this area to \$3.175 million.
  - For performance efforts related to deliverables specified in the Smart Spending Phase 2 Project Deliverables and Outcomes PSG received \$855,000 for the first six months of FY 2004 and will receive \$142,000 per month in each month the specified deliverables are achieved. In any month that the deliverables are not certified as completed by DOM, \$50,000 will be withheld from the payment until such time as DOM certifies the deliverables were completed.
  - No payments have been made to date for outcomes. Once any outcomes are certified as complete DOM will authorize a payment for them. The total funds that could be paid to PSG for the combined areas of performance and outcomes is \$3.175 million.

The Subcommittee may wish to examine what specific performance measures will be used by the Department of Management to determine if the Group is entitled to the second half of the potential fee. If it is determined that they fully met the

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requirements PSG could be certified to receive additional payments equal to those specified above.

- ▶ **Governor's Retention Study** – The Subcommittee may wish to review the retention and compensation policy recommendations of the Governor's Committee on Management Recruitment, Retention and Compensation Policy as the policy relates to senior managers who report directly to, or are appointed directly by, the Governor. 
  - ▶ **Iowa Public Employees' Retirement System (IPERS) Shortfall/Employee Contribution Increase** – The Governor and the IPERS' Benefit Advisory Committee (BAC) are recommending an increase over time in the contribution rates for regular IPERS members from the current 9.45% combined rate to 13.45% in order to eliminate the Fund's unfunded liability. The unfunded actuarial liability was determined to be \$1.9 billion at the end of FY 2003. The current contribution rate is 9.45% and the current normal cost rate is 9.06%, which leaves 0.39% to pay down the unfunded liability. It will take an infinite number of years to eliminate the unfunded actuarial liability if the contribution and normal cost rate remain the same, and all other assumptions prove true including the Fund equaling the assumed annualized 7.5% rate of return. The Subcommittee may wish to review the recommended changes.
  - ▶ **Demands on the Iowa Public Employees' Retirement System (IPERS) and Staff** – By FY 2006, annual retirements are expected to exceed 8,500 and remain at or near this level through FY 2012. By FY 2013 the total number of retired members will have risen from today's 71,000 to over 123,000 and will top 200,000 by FY 2027. Benefit payouts were \$767.5 million in FY 2003, and it is anticipated these payouts could reach \$1.5 billion annually by FY 2007. 
  - ▶ **Department of Administrative Services (DAS) Billings** – The new Department of Administrative Services (DAS) designates its products and services as Marketplace (agencies may select any vendor including the DAS), Utility (agencies must use the DAS for these products and services), and Leadership (the product or service is supported by a direct General Fund appropriation to the DAS). The Subcommittee may wish to examine how the products and services are designated, the billing method used for the products and services provided by the DAS, the operation of the customer councils, and how the General Fund appropriation to the DAS will be dispersed so agencies may select the vendors. *The Governor is recommending \$10.8 million to be distributed to individual agencies.*
  - ▶ **Implementation of the Federal Help America Vote Act** – The Secretary of State is expecting to receive an additional \$5.0 million in federal funds in FY 2005. The Subcommittee may wish to review the results from the first year of implementation, and what is planned if the funding is received for the second year. *The Governor is recommending \$750,000 in State matching funds.*
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## Administration and Regulation Appropriations Subcommittee

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- ▶ **Payment Processes for Interagency Services** – The Subcommittee may wish to consider the implementation of a system that would standardize the method of payment for services between State agencies.
- ▶ **Taxpayer's Expectations for Electronic Services** – As taxpayers become accustomed to technology, demands for electronic services may continue to increase.
- ▶ **Federal Over-Recovery** – The federal government continues to request the return of federal funds used by agencies to pay for services provided by the Information Technology Enterprise that the federal government asserts was in excess of the federal share of the payment. *The Governor is recommending \$3.0 million to rectify issues of overcharges to the federal government for technology costs in areas partially funded by federal funds.*
- ▶ **Iowa Lottery Authority** – The Lottery is no longer associated with the Department of Revenue and is now a stand-alone authority. The Subcommittee may wish to review changes in the operation of the Iowa Lottery Authority. 
- ▶ **The Standardization of the Payment of Admission Fees at Racetrack Enclosures and Gambling Excursion Boats** – Unlike the admission fees paid by the boats, the admission fees at racetracks do not have any relationship to the cost of regulating the establishments. A reduction to the budget of the Racing and Gaming Commission causes an equivalent reduction in the amount of money paid into the General Fund by the boats, and oversight of the establishments is reduced.
- ▶ **Implementation Delay for the Integrated Information for Iowa (I/3)** – Formerly known as Enterprise Resource Planning (ERP). Progress has been made toward updating business processes across State's government, beginning with redesigning the State budget system. For FY 2003 the General Assembly made an appropriation of \$4.4 million for the Project, \$6.1 million for FY  2004, and *the Governor is recommending \$6.0 million for FY 2005.* Implementation was scheduled for January 2004. The implementation is now scheduled for April 2004, with the conversion of the current fiscal year data to the new I/3 system beginning in December 2003 and with training for agency staff beginning in January 2004. The vendor has agreed not to increase the cost to the State because of the delay.
- ▶ **Flexibility in Establishing Racing Days at Racetrack Enclosures** – The current method of funding the Racing and Gaming Commission does not allow the racetracks flexibility during the calendar year for the establishment of additional racing days, and a reduction in the Commission's budget leads to fewer racing days.

## Administration and Regulation Appropriations Subcommittee

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- **The Real Estate Education Fund** – The Subcommittee may wish to review the distribution of real estate fees and the Department of Commerce Professional Licensing Division’s ability to retain a percentage of any fee increase.
- **Government Oversight Committee Recommendations** – The Subcommittee may wish to review the 2003 recommendations of the Government Oversight Committee that relate to departments assigned to the Subcommittee. This could include a joint meeting during the 2004 Legislative Session.
- **Electronic Filings with the Ethics and Campaign Disclosure Board** – There have been delays in implementing electronic filing of campaign reports. The Subcommittee may wish to receive an update from the Board and the Information Technology Enterprise, Department of Administrative Services, which was also examined by the Government Oversight Committee during the 2003 Interim. 
- **Health Insurance Co-Payments** – Employees have been required to pay 20.0% of the total cost rather than the required \$20 co-payment for visits to providers. The Subcommittee may wish to review the efforts of the Department of Administrative Services to correct the problem and return over-billed amounts to employees.

### Issue Reviews

The LSA completed two **Issue Reviews** relating to the Administration and Regulation Appropriations Subcommittee during the 2003 Interim that are available on the LSA web site:

- [Division of Criminal and Juvenile Justice Planning](#)
- [Iowa Innovations Fund](#)

### Topic Presentations

The LSA maintains and updates **Topic Presentations** available on the LSA web site. Presentations relating to the Administration and Regulation Appropriations Subcommittee include:

- [Administration and Regulation Appropriations Subcommittee](#)
- [Gambling in Iowa](#)
- [Iowa Lottery](#)
- [Iowa Retirement Systems](#)

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## AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE

### MEMBERS

#### Senate

Thurman Gaskill, Chair  
Hubert Houser, Vice Chair  
Dennis Black, Ranking Member  
Joe Seng  
James Seymour

Betty DeBoef, Chair  
David Tjepkes, Vice Chair  
John Whitaker, Ranking Member  
Paul Bell  
Royd Chambers

#### House

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Dolores Mertz  
Dan Rasmussen  
Michael Reasoner

#### Legislative Services Agency

Deb Kozel, Fiscal Services Division  
Doug Adkisson, Legal Services Division

## FY 2005 GOVERNOR'S RECOMMENDATIONS

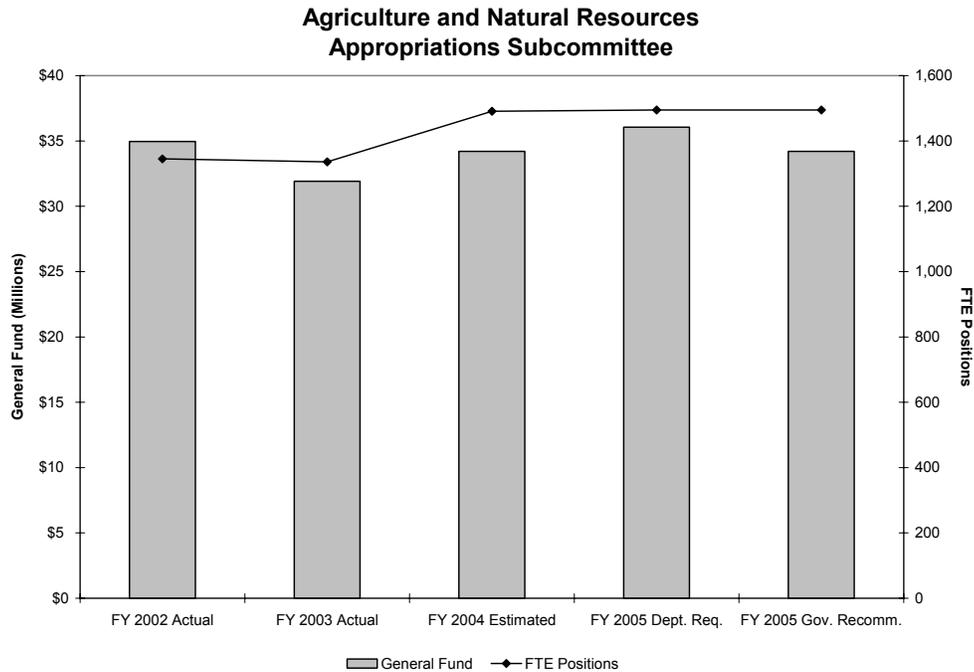
The Governor is recommending \$34.2 million from the General Fund and 1,549.2 FTE positions for the two Departments of the Agriculture and Natural Resources Appropriations Subcommittee. This is no change in funding and an increase of 12.0 (0.8%) FTE positions compared to estimated net FY 2004. This includes 48.5 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, other funds, or receipts. More information on the FTE positions is available from the Fiscal Services Division upon request.



The Governor's recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, an across-the-board reduction, and in some instances, a charter agency reduction. A new concept of funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

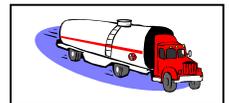
The following graph illustrates the history of the General Fund appropriations and FTE positions.

## Agriculture and Natural Resources Appropriations Subcommittee



### Significant General Fund Changes Recommended

- ❖ Department of Agriculture and Land Stewardship – The Governor is recommending a total of \$17.6 million from the General Fund and 469.1 positions for FY 2005. This is no change in funding and an increase of 12.0 (2.6%) FTE positions compared to the estimated net FY 2004 appropriation. Significant recommendations include:
  - ✦ The estimated net FY 2004 appropriation and the Governor’s recommendation for FY 2005 include the \$339,000 the Department received from the \$15.2 million salary adjustment transfer from the Department of Human Services, Medical Assistance (Medicaid) Program.
  - ✦ An increase of 10.0 FTE positions for the Watershed Protection Fund that is funded from the Environment First Fund.
  - ✦ An increase of 2.0 FTE positions that are in programs that are not appropriated by the Agriculture and Natural Resources Subcommittee. They include:
    - An increase of 1.0 FTE position for the Pseudorabies Program.
    - An increase of 1.0 FTE position for the Renewable Fuels Program.



- Department of Natural Resources (DNR) – The Governor is recommending a total of \$16.6 million from the General Fund and 1,080.1 FTE positions for FY 2005. This is no change compared to the estimated net FY 2004 appropriation. Recommendations include:

## Agriculture and Natural Resources Appropriations Subcommittee

- ✦ The estimated net FY 2004 appropriation and the Governor's recommendation for FY 2005 include the \$398,000 the Department received from the \$15.2 million salary adjustment transfer from the Department of Human Services, Medical Assistance (Medicaid) Program.
- ✦ The DNR has been designated a Charter Agency. For FY 2004, the DNR received a General Fund reduction of \$50,000. The DNR has also agreed to increase fees by \$150,000 for FY 2004 and by \$200,000 for FY 2005. The additional revenue will be deposited into the General Fund. (Division XII of SF 453, Reinvention of State Government Act).

### Significant Other Fund Changes Recommended

- ❖ Department of Agriculture and Land Stewardship – The Governor is recommending a total of \$306,000 from other funds and \$14.0 million from the Environment First Fund for FY 2005. This is no change in funding compared to the estimated net FY 2004 appropriation. The Environment First Fund is appropriated by the Transportation, Infrastructure, and Capitals Subcommittee. Significant recommendations include:
  - ❖ A recommendation of \$14.0 million from the Environment First Fund, which is no change in funding compared to the estimated net FY 2004 appropriation. Significant recommendations include:
    - ❖ A recommendation of \$5.5 million for the Soil Conservation Cost Share Program.
    - ❖ A recommendation of \$2.7 million for the Watershed Protection Program.
    - ❖ A recommendation of \$2.0 million for the Conservation Reserve Program.
    - ❖ A recommendation of \$1.5 million for the Wetland Incentive Program.
- Department of Natural Resources – The Governor is recommending a total of \$25.6 million from the Environment First Fund, \$37.3 million from other funds, and \$5.5 million from the Healthy Iowans Tobacco Trust Fund. This is an increase of \$5.0 million (24.3%) from the Environment First Fund, an increase of \$525,000 (1.4%) from other funds, and a decrease of \$1.5 million (22.1%) from the Healthy Iowans Tobacco Trust Fund compared to the estimated net FY 2004 appropriation. The Environment First Fund and the Healthy Iowans Tobacco Trust Fund are appropriated by the Transportation, Infrastructure, and Capitals Subcommittee. Significant recommendations include:
  - ❖ An increase of \$5.0 million from the Environment First Fund to fund the Water Summit Initiatives.
  - ✦ An increase of \$950,000 from the Healthy Iowans Tobacco Trust Fund that will pass through the DNR and be used for the Lewis and Clark Rural Water system.

## Agriculture and Natural Resources Appropriations Subcommittee

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- ✦ An increase of \$600,000 from the Underground Storage Tank Fund due to the depletion of federal funds. The funds will be used for regulation of underground storage tanks in Iowa.

### Issues

The Agriculture and Natural Resources Appropriations Subcommittee may wish to examine the following issues:

- **Iowa Water Quality** – Iowa has 200 impaired waterbodies on the 2002 federal listing as specified in Section 303(d) of the federal Clean Water Act. The Governor appointed the DNR to organize five workgroups to develop program recommendations to eliminate impaired waterbodies in the State. On November 24, 2003, the DNR hosted the Iowa Water Summit where the workgroups presented and discussed the various recommendations. During the Summit, attendees were divided into discussion groups and made additional comments regarding the recommendations. The workgroups met on November 25 and revised their recommendations to include the comments. The revised recommendations were submitted to the Governor in December. *The Governor is recommending an increase of \$5.0 million from the Environment First Fund to address the Water Quality Summit Initiatives. The Governor included as part of the Enterprise Strategic Plan the elimination of impaired waterways by 2010.*



- **Mad Cow Disease** – On December 23, 2003, the United States Department of Agriculture (USDA) reported a case of bovine spongiform encephalopathy in a Holstein cow in the state of Washington. Bovine spongiform encephalopathy or “Mad Cow Disease,” is a chronic, degenerative disease that attacks the central nervous system of cattle. The disease is contracted through the feeding of bone meal and ruminant feed to cattle, which is prohibited in the United States. The Department of Agriculture and Land Stewardship continues to support the efforts of the USDA and to inspect feed sold in Iowa for cattle consumption.

- **Animal Confinement Regulation** – The DNR continues to implement the statutory requirements of SF 2293 (FY 2003 Animal Agriculture Act) that was passed by the 2002 General Assembly. The DNR is currently working on the development of a phosphorus index that addresses the manner and timing of manure application from a confinement feeding operation to a production field. The index is used to determine manure application rates based on the number of pounds of phosphorus that may be applied per acre. The DNR is also in the process of developing air pollutant Administrative Rules that address hydrogen sulfide and ammonia. The Rules will be based on commonly known health risk data.



- **Chronic Wasting Disease** – This is a neurological disease similar to “Mad Cow Disease” that affects deer and elk. The disease has been

## Agriculture and Natural Resources Appropriations Subcommittee

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reported in several states, however, no cases have been found in Iowa. During the 2003 Legislative Session, the General Assembly passed HF 624 (FY 2004 Farm Deer Act) that transfers the regulation of farm-raised whitetail and mule deer from the DNR to the Department of Agriculture and Land Stewardship and creates the Chronic Wasting Disease Program. There was no appropriation for the Program and the Department is requesting \$277,000 and 4.0 FTE positions for FY 2005 from the General Fund. *The Governor is not recommending funding for the Chronic Wasting Disease Program.*

- ▶ **Environment First Fund** – A total of \$16.6 million was deappropriated from the Environment First Fund for FY 2003 due to decreased funding from the Rebuild Iowa Infrastructure Fund (RIIF). The decline relates to an Iowa Supreme Court ruling regarding taxation of racetrack casinos at a higher rate than riverboat casinos. During the 2003 Legislative Session, the General Assembly passed SF 436 (FY 2003 Environment First Appropriations Act) that transferred \$16.6 million from the Cash Reserve Fund to the Environment First Fund to provide program funding for FY 2003 and SF 452 (FY 2004 Infrastructure Appropriations Act) that appropriated \$35.0 million for Environment First Fund programs for FY 2004. On June 9, 2003, the United States Supreme Court ruled that the different tax rates of racetrack casinos and riverboat casinos did not violate the United States Constitution, but the case was remanded back to the Iowa Supreme Court for reexamination. As of November 1, 2003, the case has not been resolved, and in turn, has decreased revenue to the Environment First Fund for FY 2004. *The Governor is recommending an increase of \$5.0 million from the Environment First Fund to address the Water Summit Initiatives.*



- ▶ **State Destination Park** – A State Destination Park will be located in the area of Rathbun Lake and Honey Creek State Park. Over 1,600 acres are available for development for the destination park. Department employees are working in conjunction with the local steering committee that includes the Chariton Valley Resource Conservation and Development, the United States Army Corps of Engineers, and Rathbun Lake Resort, Inc. *The Governor is recommending \$3.0 million from the Healthy Iowans Tobacco Trust Fund.*

- ▶ **Banner Wildlife Management Area** – The DNR is in the process of updating the Banner Wildlife Management Area that is located between Des Moines and Indianola. The Legislative Services Agency, Fiscal Services Division, completed an **Issue Review** on this topic in November 2003 and is available on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/docs/IssReview/2004/IRDFK001.PDF>.



### Issue Reviews

The LSA completed an **Issue Review** related to the Agriculture and Natural Resources Subcommittee during the 2003 legislative interim entitled: “Banner Wildlife Management Area Update.” Copies of the **Issue Review** are available from the Fiscal

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## Agriculture and Natural Resources Appropriations Subcommittee

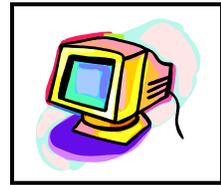
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Services Division of the Legislative Services Agency, or by accessing the web site at <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

### Topic Presentations

The LSA maintains and updates Topic Presentations available on the LSA web site. Presentations related to the Agriculture and Natural Resources Subcommittee include:

- [Agriculture and Natural Resources Appropriations Subcommittee](#)
- [Agriculture and Water Quality](#)
- [Energy in Iowa](#)
- [Environment First Fund](#)
- [Forestry Overview](#)
- [Groundwater Protection Fund](#)
- [The Resource Enhancement and Protection \(REAP\) Fund](#)



Copies of the Topic Presentations are available from the LSA.

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## ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

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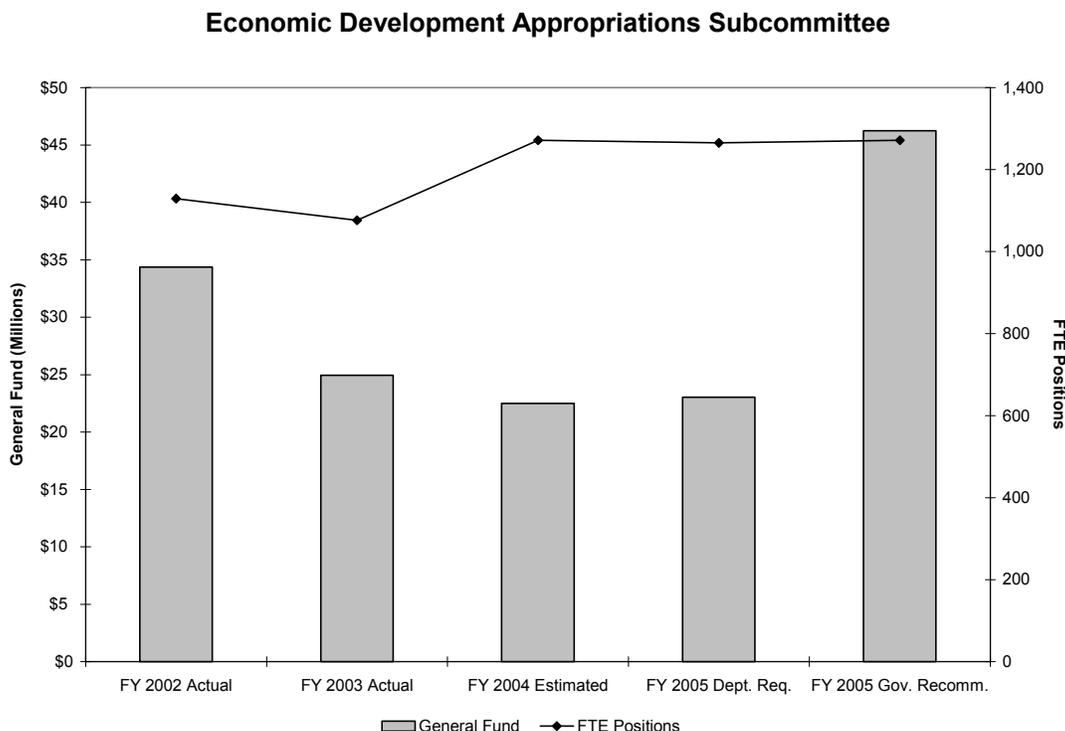
### FY 2005 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$46.2 million from the General Fund and 1,271.3 FTE positions for the three departments and the Regents University programs of the Economic Development Appropriations Subcommittee. This is an increase of \$23.8 million (105.6%) and no change in FTE positions compared to the estimated net FY 2004 appropriation. This includes 857.8 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal and other funds. More information on these FTE positions is available from the Fiscal Services Division of the Legislative Services Agency upon request.

The Governor's recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, and an across-the-board reduction. A new concept of funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

The following graph illustrates the history of the General Fund appropriations and FTE positions.

## Economic Development Appropriations Subcommittee



### Significant General Fund Changes Recommended

- ❖ **Department of Economic Development (DED)** – An increase of \$23.5 million (170.7%) compared to the estimated net FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor’s recommendations for FY 2005 include the \$150,000 the Department received from the \$15.2 million salary adjustment transfer from the Department of Human Services, Medical Assistance (Medicaid) Program. Significant increases include the following:
  - ❖ An increase of \$23.0 million for the Grow Iowa Values Fund. House File 683 (FY 2004 Grow Iowa Values Fund Act) appropriated this amount to the Grow Iowa Values Fund contingent upon a greater than 2.0% increase in sales and use tax revenue compared to the previous fiscal year. The Governor is recommending eliminating this requirement.
  - ❖ An increase of \$500,000 for the Community Development Division for tourism advertising.
- ❖ **Iowa Workforce Development (IWD)** – An increase of \$302,000 (6.2%) compared to the estimated net FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor’s recommendations for FY 2005 include the \$75,000 the Department received from the \$15.2 million salary adjustment transfer from the Department of Human Services, Medical Assistance (Medicaid) Program. Significant changes include:



## Economic Development Appropriations Subcommittee

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- ❖ An increase of \$180,000 for the Labor Services Division for five Safety/Health Consultants.
- ❖ An increase of \$120,000 for the Worker's Compensation Division for a Deputy Commissioner position.
  
- ❖ **Public Employment Relations Board** – No change compared to the estimated net FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor's recommendations for FY 2005 include the \$17,000 the Department received from the \$15.2 million salary adjustment transfer from the Department of Human Services, Medical Assistance (Medicaid) Program.
  
- ❖ **Board of Regents** – No change compared to the estimated net FY 2004 appropriation.

### Significant Other Fund Changes Recommended

The Governor did not recommend any changes to the Other Fund appropriations within the purview of the Economic Development Appropriations Subcommittee. Other Fund recommendations that may be addressed by other appropriations subcommittees include:

#### ▶ **Department of Economic Development:**

- ✦ A recommendation of \$5.0 million from the Restricted Capital Fund for vertical infrastructure projects at community colleges that support the Accelerated Career Education (ACE) Program.
- ✦ A recommendation of \$500,000 from the Environment First Fund for clean-up and redevelopment of Brownfield sites.
- ❖ A recommendation of \$100.0 million for continuation of the Vision Iowa Program. The Governor is recommending the funds be appropriated from the Governor's proposed Capital Bonding Account.
- ❖ A recommendation of \$50.0 million for continuation of the Community Attractions and Tourism (CAT) Program. The Governor is recommending the funds be appropriated from the Governor's proposed Capital Bonding Account.

- ▶ **Iowa Finance Authority** – A recommendation of \$800,000 from the RIIF for the Housing Trust Fund to provide financial assistance to communities and organizations to increase available housing.



### Grow Iowa Values Fund Recommendations

The Department of Economic Development submitted FY 2005 budget requests for Grow Iowa Value Fund dollars that represent 62.1% of the actual funds appropriated in HF 683 (FY 2004 Grow Iowa Values Fund Act). The requests are based only on the revenues received from federal funds, which totaled \$99.5 million for FY 2004 and FY 2005 combined. The other source of revenue for the Fund comes from the implementation of the Streamline Sales and Use Tax. After implementation, increased sales and use tax revenue in excess of 2.0% of the previous year's receipts is deposited into the Grow Iowa Values Fund. Iowa is scheduled to implement the Streamline Sales and Use Tax July 1, 2004. Current Fiscal Services Division projections estimate the Grow Iowa Values Fund could receive \$30.0 to \$40.0 million in FY 2006 revenue. Fiscal year 2006 revenue would not be available for expenditure until FY 2007



- ❖ The Governor is recommending \$23.0 million in General Fund revenues be appropriated to the Grow Iowa Values Fund for FY 2005 as specified in House File 683 (FY 2004 Grow Iowa Values Fund Act) without consideration of the revenue increase required by statute. The Governor is recommending \$61.0 million in appropriations from the Grow Iowa Values Fund as follows:
  - ❖ Marketing – \$7.0 million for FY 2005. House File 683 appropriated \$7.5 million for this purpose.
  - ❖ Economic Development Programs – \$37.9 million for FY 2005. House File 683 appropriated \$41.0 million for this purpose.
  - ❖ University and College Assistance – \$6.5 million for FY 2005. House File 683 appropriated \$7.0 million for this purpose.
  - ❖ Loan and Credit Guarantee – \$4.6 million for FY 2005. House File 683 appropriated \$5.0 million for this purpose.
  - ❖ Endow Iowa Tax Credits – \$231,000 for FY 2005. House File 683 appropriated \$250,000 for this purpose.
  - ❖ Endow Iowa Grants – \$231,000 for FY 2005. House File 683 appropriated \$250,000 for this purpose.
  - ❖ Workforce Training & Economic Development Funds – \$4.6 million for FY 2005. House File 683 appropriated \$5.0 million for this purpose.



### Issues

The Economic Development Appropriations Subcommittee may wish to examine the following issues:



#### ► **FY 2004 Budget Impact of the 2.5% across-the-board reduction**

◆ **Department of Economic Development** – The total reduction of \$366,000 will be implemented accordingly:

- Administrative Services Division – A reduction of \$39,000 will be implemented by uniformly reducing all non-personnel support costs line items.
- Business Development Division – A reduction of \$160,000 will be implemented by leaving 2.0 vacant FTE positions unfilled and by reducing the amount of State aid provided as a cash match for a federal grant. The matching requirement will be fulfilled by in-kind contributions. According to the Department, the reduction will inhibit the Department's ability to implement the Grow Iowa Values Fund Program, and will slow down response time to business clients.
- Community Development Division – A reduction of \$167,000 will be implemented by reducing the tourism advertising line item and by reducing general support budgets (travel, supplies, printing, etc.) of other programs. According to the Department, the reduction will inhibit the Department's ability to promote Iowa.

◆ **Department of Workforce Development** – The total reduction of \$129,000 will be implemented accordingly:

- Division of Labor Services – The Division will implement a reduction of \$76,000 by leaving vacant positions unfilled in the Contractor Registration and Wage Payment Collection areas. Contractor Registration insures that contractors are insured for Worker's Compensation and are paying unemployment insurance taxes. According to the Department, the reduction will adversely impact this function. The Department further states another adverse effect in Contractor Registration will occur in the processing of bonds. Out-of-State contractors are required to file a bond with the Division of Labor so that the financial interests of the State are protected. The processing of these bonds is currently at a standstill. Wage Payment collect is impacted by an increased caseload for investigators. Some claimants have been turned away due to the inability of the investigator to pursue so many claims. *The Governor is recommending an increase of \$180,000 for the Labor Services Division for five Safety/Health Consultants.*

## Economic Development Appropriations Subcommittee

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- Division of Worker's Compensation – The Division will implement the reduction of \$51,000 by leaving vacant positions unfilled. The effect of this will be a reduction in the degree of improvement initially anticipated in both adjudication and compliance of Worker's Compensation claims. *The Governor is recommending an increase of \$120,000 for the Worker's Compensation Division for a Deputy Commissioner position.*
  - Welfare-to-Work Matching dollars – A reduction of \$2,000 was applied to moneys carried forward for this Program.
  - ✦ **Public Employment Relations Board** – The Board will implement the \$23,000 reduction by reducing line items for printing and binding, inventory, outside repairs, and out-of-state travel. The reduction will result in not printing materials onto microfilm as required. In addition, no technology upgrades or improvements will be planned, and only one Board member may attend the Association of Labor Relations Agencies annual conference. 
  - ✦ **Regents Universities Economic Development Programs** – The three Regents Universities Economic Development Programs received a total reduction of \$76,000. A representative from the Board of Regents informed the Fiscal Services Division that the revised decreased budgets will have to be presented to the Board and that information on the impact of the reductions will not be available until February 2004. The Fiscal Services Division will provide this information as soon as it becomes available.
  - **Consolidations** – The appropriations for the Department of Economic Development, Iowa Workforce Development, and Regents universities were consolidated with the expectation that each department and program would allocate the limited resources to maximize the impact on economic growth. Discussions were held with the DED concerning the use of performance measures to demonstrate the programs' effectiveness. The Subcommittee may want an update on this process.
  - **Strategic Investment Fund and the Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP)** – The two Programs did not receive an appropriation for FY 2004. The Strategic Investment Fund is comprised of the Community and Economic Betterment Account (CEBA), the Targeted Small Business Financial Assistance Program, the Entrepreneurs with Disabilities Program, and the Entrepreneurial Ventures Assistance Program. Remaining sources of revenue for the Strategic Investment Fund and VAAPFAP are loan repayments and interest. During the 2003 Legislative Session, there was interest expressed in continuing the same or similar activities with Grow Iowa Values Fund money. In their November meeting, the Grow Iowa Values voted to set aside \$4.0 million for CEBA and \$3.0 million for VAAPFAP for FY 2004. The Subcommittee may wish to examine the programs and activities funded through the
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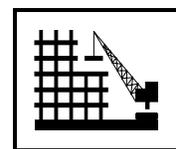
Strategic Investment Fund and VAAPFAP and the future of those programs and activities.

- **Small Business Development Centers (SBDC)** – In FY 2003, due to budget reductions and attrition, Centers in Council Bluffs, Creston, and a part-time Center in Audubon were closed. Senate File 433 (FY 2004 Economic Development Appropriations Act) allocated an additional \$75,000 from the Iowa State University Economic Development Programs appropriation to the Small Business Development Center Program to reopen one Center. One Center is currently being reopened in Southwest Iowa through Iowa Western and Southwestern Community Colleges. The Director of this Center will be responsible for serving 19 counties that were previously supported by three Centers. The additional \$75,000 allocation that is being used to reopen the Center came as an opportunity cost to Iowa State University's Economic Development Programs. The Subcommittee may wish to examine the progress and future of the Center in Southwest Iowa and the impact the additional allocation to the Small Business Development Center Program has had on the other economic development programs at Iowa State University.
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- **Grow Iowa Values Fund** – House File 683 (FY 2004 Grow Iowa Values Fund Act) and House File 692 (FY 2004 Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) created the Grow Iowa Values Fund Program. The legislation dedicated anticipated federal funds and sales tax revenue generated from implementation of the Streamline Sales and Use Tax to the Grow Iowa Values Fund. The legislation allocates \$503.0 million to be generated and deposited into the Grow Iowa Values Fund over 7 years. To date, the Department of Economic Development has received federal funds totaling \$99.5 million, \$500,000 less than originally anticipated. Iowa is scheduled to implement the Streamline Sales and Use Tax July 1, 2004. Current Fiscal Services Division projections estimate the Grow Iowa Values Fund could receive \$30.0 to \$40.0 million in FY 2006 revenue. Fiscal year 2006 revenue would not be available for expenditure until FY 2007. The Grow Iowa Values Fund Legislation from the 2003 Legislative Session appropriated \$5.0 million from sales and use tax revenue to the Grow Iowa Values Fund for FY 2004, \$23.0 million for FY 2005, and \$75.0 million for FY 2006 and each subsequent fiscal year through FY 2010. The Subcommittee may wish to review revenues and expenditures to the Fund as well as the implementation and progress of the programs specified under the Grow Iowa Values Fund legislation. *The Governor is recommending \$23.0 million in General Fund revenues be appropriated to the Grow Iowa Values Fund for FY 2005 as specified in House File 683 (FY 2004 Grow Iowa Values Fund Act) without consideration of the revenue increase required by statute.*
- **Tourism and Recreation Programs** – The Subcommittee may want to review the implementation of the following two programs, and the progress of the projects that received awards.
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- ★ **Vision Iowa** – The Vision Iowa Board was created in FY 2001 by SF 2447 (Vision Iowa Program Act) and given responsibility for the Vision Iowa Program and the Community Attraction and Tourism (CAT) Program. The Vision Iowa Program receives \$15.0 million annually from gambling receipts and was authorized to issue bonds. Bonds were sold in October 2001, yielding \$225.0 million, including projected interest earnings, for Vision Iowa Project awards. Through November 18, 2003, \$218.0 million had been awarded to 10 projects around the State and \$7.5 million remained to be awarded. However, as of that date, the Vision Iowa Board was considering funding for the “Rediscovering the Rivers” project in the city of Des Moines (\$5.0 million requested), and funding for the Dubuque minor league baseball stadium project (\$3.6 million requested). The following communities and counties have submitted a notice of intent to apply for remaining Vision Iowa funds: Storm Lake, Newton, Clayton County. *The Governor is recommending \$100.0 million for continuation of the Vision Iowa Program and recommending the funds be appropriated from the Governor’s proposed Capital Bonding Account.*



- ★ **Community Attraction and Tourism (CAT) Program** – The CAT Program receives a \$12.5 million appropriation from the Restricted Capital Fund of the Tobacco Settlement Trust Fund to fund infrastructure projects to enhance tourism. The Board has made 119 awards totaling \$41.5 million. As of November 18, 2003, the remaining \$1.5 million in CAT funds are earmarked for the Area Legacy project in Clayton County. Fiscal Year 2004 is the last year for which the Program is currently funded. *The Governor is recommending \$50.0 million for continuation of the CAT Program and recommending the funds be appropriated from the Governor’s proposed Capital Bonding Account.*



- **Program Performance** – Economic development programs often contain performance requirements for businesses that receive grants. The Subcommittee may want to examine the quality of those measures, the accountability of grant recipients, and the cost effectiveness of the programs.
- **Iowa Workforce Development Federal Reed Act Moneys** – Senate File 458 (FY 2004 Standings Appropriations Act) appropriated \$80.7 million in federal Reed Act moneys to the Department of Workforce Development for unemployment compensation activities. The Act also established an Unemployment Compensation Reserve Fund capped at \$150.0 million. The Act made the following appropriations:
  - ★ \$40.0 million to be deposited in the Unemployment Compensation Trust Fund for continued payment of benefits. This will partially offset unemployment compensation contributions that will be diverted to the Unemployment Compensation Reserve Fund. The interest earned on the Fund will eventually fund rural and satellite workforce development offices once the Administrative Contribution surcharge is reduced and repealed.

- ◆ \$20.0 million for automation and technology related to the unemployment tax and claim system.
- ◆ \$20.7 million for infrastructure improvements and the administrative and technology costs associated with enhanced services to unemployment benefit claimants for workforce and labor exchange services.



The Subcommittee may wish to examine;

- How the Reed Act moneys are being expended and how the projects funded with these dollars are developing.
- The projected Unemployment Compensation Reserve Fund interest to ensure the interest in the Fund will adequately fund the rural and satellite workforce development sites once the Administrative Contribution surcharge is reduced and repealed.
- The current unemployment tax rate table to ensure, as the Department of Workforce Development stated during the 2003 Legislative Session, that the tax rates do not change as a result of Unemployment Compensation contributions being diverted to the Reserve Fund.

- ▶ **Administrative Contribution Surcharge** – House File 692 (FY 2004 Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) extends the repeal on the employment security administrative contribution surcharge from July 1, 2003, to July 1, 2006. The Act allows the Department of Workforce Development to continue to collect surcharge contributions of up to \$6.5 million for FY 2004 and FY 2005. The surcharge is reduced to \$3.3 million for FY 2006 and repealed starting in FY 2007. The interest accrued on the Unemployment Compensation Reserve Fund will be used to fund rural and satellite workforce development offices once the surcharge is reduced and repealed. The Subcommittee may wish to examine the projected interest on the Unemployment Compensation Reserve Fund to ensure that it is adequate to fund the Offices once the surcharge is reduced and repealed.



- ▶ **Labor Market Trends and Opportunities** – The Department of Workforce Development maintains data and conducts studies on the labor force. The Department of Economic Development has labor force recruitment and workforce training programs. The Subcommittee may want to examine Iowa's labor trends in relation to the programs to recruit and train workers.

## Economic Development Appropriations Subcommittee

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### Issue Reviews

The Legislative Services Agency (LSA) completed an **Issue Review** examining the Iowa Agricultural Finance Corporation. The **Issue Review** examines the Corporation's, development and operations, as well as its investment activities. Copies of the **Issue Review** are available from the LSA.

### Topic Presentations

The LSA maintains and updates **Topic Presentations** available on the LSA Web site. Presentations relating to the Economic Development Appropriations Subcommittee include:

- [Community Economic Betterment Account \(CEBA\) Program](#)
- [Iowa Department of Economic Development - Workforce Training Programs](#)
- [The Strategic Investment Fund](#)
- [Vision Iowa Program](#)

Copies of the Topic Presentations are available from the LSA.

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**EDUCATION APPROPRIATIONS SUBCOMMITTEE**

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**FY 2005 GOVERNOR’S RECOMMENDATIONS**

The Governor is recommending \$933.6 million from the General Fund and 26,387.2 FTE positions for the five departments of the Education Appropriations Subcommittee. This is an increase of \$53.2 million (6.0%) and an increase of 96.0 FTE positions (0.4%) compared to estimated net FY 2004. This includes 9,040.9 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, other funds, or receipts. More information on the FTE positions is available from the Fiscal Services Division upon request.

The Governor’s recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, and an across-the-board reduction. A new concept of funding included in the Governor’s recommendation but not included in a department request, or the Governor’s significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

The following graph illustrates the history of the General Fund appropriations and FTE positions.

## Education Appropriations Subcommittee

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### Significant General Fund Changes Recommended

#### College Student Aid Commission



The Governor is recommending a total increase of \$3.7 million (7.1%) for the following:

- ❖ \$1.8 million for the National Guard Tuition Assistance Program. This is an increase of 153.6% for this Program. The additional funds will be used to increase the tuition assistance amount and increase the number of recipients. The Program goal is to fund 100.0% of tuition cost at the community colleges and Regents universities. Students attending private colleges and universities may receive up to 100.0% of the amount to attend a Regents university. The FY 2004 funding of \$1.1 million provides average assistance of \$1,500 to approximately 750 recipients.
- ❖ \$1.9 million for the Iowa Tuition Grant Program. The current statutory maximum grant amount is \$4,000. However, as a result of previous budget reductions, the maximum grant amount awarded has been reduced to \$3,600. This level of funding will allow the effective maximum grant to be increased to \$3,850. There are approximately 14,900 independent college and university students receiving grants under this Program during FY 2004.
- ❖ \$217,000 for the Vocational-Technical Grant Program. Funding for the Accelerated Career Education (ACE) Grant Program is folded into this budget unit and funding for ACE Grants as a separate appropriation is eliminated. See below.
- ❖ A decrease of \$217,000 for ACE Grants. Funding for the ACE Grants Program is combined with the Vocational-Technical Grant Program. See above.

#### Department of Education

The Governor is recommending a total increase of \$19.6 million (8.9%) compared to the estimated net FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor's recommendation for FY 2005 include \$293,000 the Department received from the \$15.2 million salary adjustment transfer from the Department of Human Services, Medical Assistance (Medicaid) Program.

The increase includes the following:

- ❖ \$10.0 million for grants to local school districts to fund teacher professional development. The Waterloo Community School District would receive \$555,000 to implement the highest priority recommendations of the Achievement Gap Task Force. Other local districts must reallocate administrative funds to professional development to qualify for the grants.
  - ❖ \$4.3 million for the Student Achievement and Teacher Quality Program to maintain the FY 2004 teacher salary levels.
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- ❖ \$3.1 million for Community College General Aid.
- ❖ \$1.5 million to expand early childhood development programs. The Governor recommends this as a new line item in the budget but indicates the funding is intended to benefit both Community Empowerment and the Shared Visions Program currently funded from the Child Development standing appropriation.
- ❖ \$400,000 to restore State funding to the Jobs for America's Graduates Program. The Program was last funded in FY 2002 with a General Fund appropriation of \$142,000.
- ❖ \$300,000 for Iowa Public Television to operate new digital transmitters. This is an increase of 4.7% compared to estimated net FY 2004.

The Governor is also recommending the following funding from Non-General Fund sources:

- ❖ \$18.3 million to Iowa Public Television for conversion to digital transmission, to be funded as part of a new bonding proposal.
- ❖ \$1.0 million from the RIIF to the Enrich Iowa Libraries Program for technology and general aid to local libraries. This is an increase of \$400,000 (66.7%) compared to estimated net FY 2004.
- ❖ \$300,000 to Vocational Rehabilitation for Phase I of the remodeling plans for the Jesse Parker Building.

### Board of Regents

The Governor is recommending a total increase of \$30.0 million (5.0%) and 100.7 FTE positions (0.4%). The increase in FTE positions consists of an increase of 81.5 FTE positions in appropriated budget units and an increase of 19.2 FTE positions in nonappropriated budget units. The FY 2005 General Fund recommendation by institution is as follows:

- ❖ University of Iowa – An increase of \$13.6 million and 32.5 FTE positions. The funds will be used to increase salaries and restore faculty lost through attrition as a result of previous budget reductions.
- ❖ Iowa State University – An increase of \$10.7 million and 32.0 FTE positions. The funds will be used to increase salaries and restore faculty lost through attrition as a result of previous budget reductions.
- ❖ University of Northern Iowa – An increase of \$4.8 million and 15.0 FTE positions at the University of Northern Iowa (UNI). The funds will be used to increase salaries and restore faculty lost through attrition as a result of previous budget reductions.



## Education Appropriations Subcommittee

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- ❖ Iowa School for the Deaf – An increase of \$498,000 and 1.0 FTE position. The funds will be used to restore the FY 2004 across-the-board reduction and restore funding for the elementary program.
- ❖ Iowa Braille and Sight Saving School – An increase of \$279,000 and 1.0 FTE position. The funds will be used to restore the FY 2004 across-the-board reduction and restore faculty lost through attrition as a result of previous budget reductions.

### Impact of FY 2004 Budget Reductions

- **Department for the Blind** – The Department was able to manage the 2.5% across-the-board reduction by leaving existing personnel vacancies unfilled.
- **College Student Aid Commission** – The total reduction for the Commission is \$1.3 million. Most of the reduction, \$1.2 million, will be applied to the Iowa Tuition Grant Program. The Commission transferred \$195,000 from the Scholarship and Grant Reserve Fund to partially offset reductions in the Iowa Tuition Grant Program and the Iowa Vocational-Technical Tuition Grant Program. The balance of the reduction will be handled by prorating grant awards to students in the Spring Semester beginning in January 2004.
- **Department of Cultural Affairs** – Nearly half of the 2.50% across-the-board reduction (\$58,000) will be absorbed through unfilled personnel vacancies. Maintenance and repairs at the historic sites will be delayed, as will some technology-related purchases. Arts education grants will be reduced by \$27,000, and the Department will use \$12,000 from the State Historical Society's facility rental income that had been budgeted to carry forward to FY 2005. The Department still plans to carry forward \$13,000 in facility rental income.
- **Department of Education**
  - ✦ **Administration** – In addition to limited reductions in printing, supplies, travel, and other routine general office expenditures, the Department will leave one vacant position unfilled for FY 2004. The vacancy in the position of Educational Program Consultant could result in fewer school district accreditation visits. The Department will also shift all or part of one position in the Bureau of Food and Nutrition from State to federal funds and reorganize the Information Technology Bureau to eliminate one administrative position. The Department will eventually add a technical position to the Bureau or upgrade existing positions, but not until needed savings have been achieved. The Department will also shift one position in the Bureau of Community Colleges and Career and Technical Education from state to federal Carl Perkins funds.
  - ✦ **Board of Educational Examiners** – One day of a two-day summer retreat will be eliminated, and expenses for printing and temporary office help will be

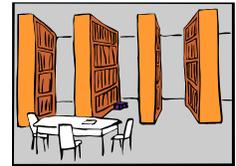


reduced. (See the Issues section below for information on planned licensure fee increases.)

- ◆ **State Library and Library Service Areas** – The State Library will leave two vacant positions unfilled for FY 2004. Reimbursement rates to local libraries for Open Access and Access Plus will be reduced. The Open Access Program allows a library's cardholders to borrow materials from libraries in other communities. Access Plus reimburses local libraries for the cost of sharing materials with other libraries. As users have grown accustomed to these services, the number of transactions has grown. It is anticipated that some local libraries will choose to no longer participate in the programs, as reimbursement rates fall far short of costs.

The Library Service Areas will most likely reduce programming as a result of the reductions.

- ◆ **Iowa Public Television** – The broadcast day will be shortened by 30 minutes, eliminating half of the nightly British comedy lineup. A total of 29 positions, including five senior management positions, remain vacant due to budget reductions. Iowa Public Television (IPTV) will reduce the number of K-12 programming acquisitions and support, as well as reducing demonstrations of digital television programming services. Support for education-related activities on the ICN through the Regional Telecommunications Councils will also be reduced.



IPTV is pursuing non-government funding and has initiated an effort among Midwestern public television stations to identify sharing opportunities to reduce costs.

- ◆ **Community Colleges** – Tuitions at the 15 community colleges increased an average of 8.13% for the Fall 2003 semester. To the extent feasible, the colleges will increase the use of adjunct faculty.

- ◆ **Vocational Rehabilitation** – The reduction of \$108,370 will result in the loss of \$400,409 in federal funds if the Division is unable to increase matching funds from other sources. The Division estimates approximately 600 Employment Program clients and five Independent Living clients currently on a waiting list for services will remain on the list an additional two months.



- **Board of Regents** – The total reduction for the Board of Regents is \$15.4 million. The reduction amounts and a brief summary of reduction strategies by institution include the following:

- ◆ **University of Iowa (SUI)** – \$7.0 million. In addition to the State appropriation reduction, SUI expects \$800,000 less tuition revenue than originally budgeted due to lower enrollment. Some of the reduction strategies SUI is considering include:

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- Reduction of approximately 90 positions, including 38 faculty, through attrition and reassignment.
  - Reorganization.
  - Reductions in programming designed to education faculty regarding incorporating technology in the curriculum.
  - Canceling faculty searches.
  - Delayed funding for digital initiatives in the library.
  - Elimination of 15 course sections from summer session.
- ✦ **Iowa State University (ISU)** – \$5.6 million. In addition to the State appropriation reduction, ISU expects \$1,500,000 less tuition revenue than originally budgeted due to lower enrollment and a reduction of \$1,000,000 in federal indirect cost recovery revenue. A partial list of Iowa State’s reduction strategies include:
- \$1.3 million reduction in the President’s Office. These include intercollegiate athletics (\$560,000), strategic initiatives (\$425,000), and various other internal offices, such as Governmental Relations, Institutional Research, University Marketing, and University Relations (\$283,000).
  - \$4.2 million reduction in Academic Affairs. The reductions will be achieved by elimination and restructuring of positions and efficiencies expected to be implemented as a result of an evaluation of academic programs.
  - \$246,000 reduction in Student Affairs through elimination of vacant positions and hiring delays.
  - \$1.3 million reduction in Business and Finance budget units. Support for WOI Radio (\$239,000), the Iowa State Center (\$250,000), and University Museums (\$95,000) will be reduced. Additional savings would be achieved through reorganizing risk management functions (\$150,000), reassigning asset recovery and printing service staff (\$151,000), continued development of web applications for accounts receivable in the Treasurer’s Office (\$100,000), and continued aggressive energy management and reduction in project planning (\$244,000)
- ✦ **University of Northern Iowa (UNI)** – \$2.0 million. The University is planning the following:
- \$800,000 of savings by delaying the filling vacant positions; limiting equipment, library, supplies, and services purchases; consolidating administrative functions and reducing support through attrition; reducing printing and mailings; and reducing grant awards in the Recycling and Reuse Technology Transfer Center.
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- \$600,000 from use of one-time insurance premium rebates.
- \$510,000 from use of undistributed contingency funds.
- \$100,000 in reduced building repairs.

◆ **Special Schools – \$322,000.**

- School for the Deaf - \$206,000. The School plans to achieve this reduction by eliminating funding for several positions (\$154,000), reducing summer programming (\$30,000), and reducing funding for the vehicle replacement fund (\$22,000).
- Iowa Braille and Sight Saving School - \$116,000. The School plans to delay filling vacant positions (\$58,000), reduce summer programming (\$20,000), reduce equipment expenditures (\$15,000), and reduce building repairs (\$23,000).

- ◆ **Regents Board Office – \$372,000.** The largest portion of the reduction is \$334,000 for tuition replacement. Tuition replacement funds are used to reimburse the institutions for principal and interest on academic revenue bond payments. The reduction in funds for these payments will be absorbed by the respective institutions, as applicable. The Board Office operating reduction of \$30,000 will be achieved by reducing staff education and travel; office equipment expenditures; communications, outside services, and data processing; advertising; and special services. The Board Office also plans to eliminate \$50,000 for the Iowa Research Council. The balance of the reduction, \$8,000, will be absorbed the by the three graduate study centers.

## Issues

The Education Appropriations Subcommittee may wish to examine the following issues:

### **College Student Aid Commission**

- The federal Balanced Budget Act of 1997 required the return of approximately \$1.0 billion in state guaranty agency reserves by the end of Federal Fiscal Year 2002. The Iowa College Student Aid Commission's portion of this total was approximately \$39.0 million. The Commission had a five-year window (FY 1998 through FY 2002) to use interest earned on federal reserve funds for default reduction efforts. The Commission established several new programs by utilizing interest revenues. The General Assembly may wish to review the Commission's utilization of the interest funds for the past five fiscal years and receive an update on the use of any carryforward funds.
- Grant Programs. The Subcommittee may wish to review funding and participation in the National Guard Assistance Program, the Iowa Tuition Grant Program, and the



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Iowa Vocational-Technical Grant Program. *The Governor is recommending increases for the Programs.*

### Department of Education

- ▶ Tuition increases at Iowa's community colleges for 2003-2004 averaged 8.1%, while The Chronicle of Higher Education reports that tuition at public two-year institutions increased nationwide by an average of 13.8%. However, Iowa's average community college tuition and fees for 2003-2004 (\$2,913) are 53.0% above the national average (\$1,905), according to The Chronicle.

Tuition and fees as a percentage of unrestricted revenue for Iowa's community colleges increased from 43.4% in FY 2002 to 45.2% in FY 2003. State general aid as a percentage of unrestricted revenue decreased from 41.5% in FY 2002 to 39.7% in FY 2003.

*The Governor is recommending an increase of \$3.1 million in the State General Fund appropriation for community college general aid for FY 2005.*

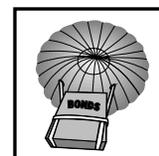
- ▶ The Board of Educational Examiners has approved the concept of raising licensure fees and will be promulgating administrative rules to implement the increases effective September 1, 2004. Currently, the Board is authorized to retain 85.0% of revenue generated by fee increases, with the remainder flowing to the State General Fund. Most fees will increase from \$50 to \$60, generating an estimated \$182,000 in new revenue for the Board and \$33,000 in additional revenue to the General Fund.

The Board is finalizing plans for the use of the additional revenue. The Director is recommending the following:

- ◆ \$60,000 to hire an additional investigator for licensee disciplinary proceedings and background checks.
- ◆ \$42,000 to eliminate the need for an annual State General Fund appropriation.
- ◆ \$40,000 to convert a temporary clerk to a permanent full-time position.
- ◆ \$15,000 to update computer hardware and software.
- ◆ \$15,000 for temporary staffing during the summer months.
- ◆ \$9,000 to fund salary increases.
- ◆ \$8,000 to produce an ethics brochure, curriculum guide, and related materials.
- ◆ \$4,000 for printing and binding costs associated with an increase in disciplinary cases.

### Board of Regents

- ▶ The Board of Regents received \$103.0 million in December 2001 from the sale of shares of stock as a result of the demutualization of



Principal Mutual Holding Company. The General Assembly required the Board to utilize \$25.0 million of these funds for salary adjustment for FY 2003. The Subcommittee may wish to review how the remaining funds have been used or plans for future use of the funds.

- Tuition increases. At the November 2003 Board meeting, the Board approved an increase of \$360 (8.3%) in base undergraduate resident tuition for FY 2005. Undergraduate resident annual tuition will be \$4,702 at each of the institutions beginning with the 2004 fall semester. The increase in tuition is estimated to result in new revenue of \$27.9 million for FY 2005. *The Governor is recommending an increase of \$30.0 million for the Board of Regents to increase salaries and restore staff lost as a result of previous budget reductions.*

Statewide educational topics are covered in more detail under Educational Issues in the General Fund Issues Section of this document.

### Issue Reviews

The LSA staff for the Education Appropriations Subcommittee completed two **Issue Reviews** during the 2003 legislative interim:

- [Board of Regents Tuition Growth](#)
- [Community College Management Information System](#)

Copies of the **Issue Reviews** are available from the LSA.

### Topic Presentations

The LSA staff for the Education Appropriations Subcommittee maintains and updates **Topic Presentations** on the LSA web site:

- [Board of Educational Examiners](#)
  - [Community Colleges](#)
  - [Educational Excellence Program](#)
  - [Iowa's Historic Sites](#)
  - [Reading Recovery](#)
  - [Enrollments at Higher Education Institutions](#)
  - [Plant Science Initiative at Iowa State University](#)
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- [Teacher Shortage Forgivable Loans](#)
- [Tuition Grant Program](#)
- [Tuition Policy at the Board of Regents](#)

Copies of the **Topic Presentations** are available from the LSA.

Additional **Issue Reviews** and **Topic Presentations** relating to funding for school districts (school aid) are also available from the LSA.

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# HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

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 David Johnson, Vice Chair  
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 Joe Bolkcom  
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## FY 2005 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$838.2 million from the General Fund and 6,853.1 FTE positions for FY 2005 for the four departments of the Health and Human Services Appropriations Subcommittee. This is an increase of \$87.7 million (11.7%) and an increase of 93.9 (1.4%) FTE positions compared to the estimated net FY 2004 appropriations. The total includes 216.6 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded with federal and other funds. More information on these FTE positions is available from the Fiscal Services Division of the Legislative Services Agency upon request.



The Governor's recommendations are compared to the estimated net FY 2004 appropriations, which include salary adjustment, a salary transfer, 2.5% across-the-board reductions, and, in some instances, a charter agency reduction. A new concept of funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

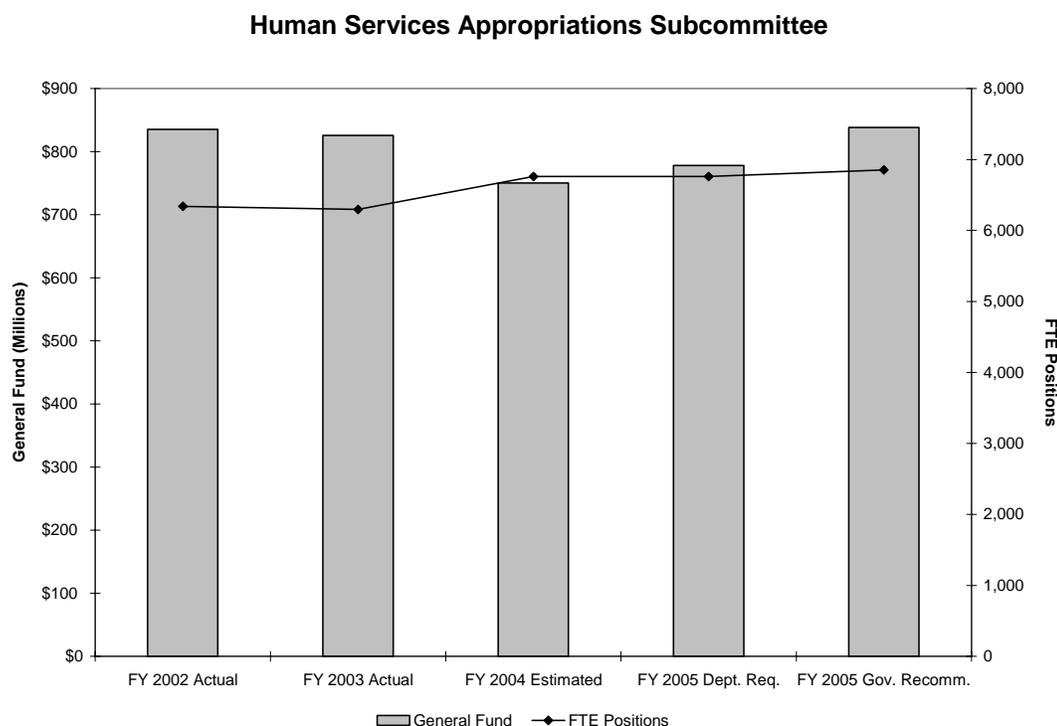
The Department of Human Services (DHS) and the Iowa Veterans Home have been designated Charter Agencies, pursuant to Section 7J.1, Code of Iowa, beginning with FY 2004 and for future years up to five, ending in FY 2008. As Charter Agencies, the DHS and the Home may be able to retain 50.0% of any unspent, year-end General Fund appropriation balance for five years beginning in FY 2004. The DHS and the Home are



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exempt from any across-the-board General Fund appropriation reductions made by the Governor in FY 2004 and FY 2005 and both may retain the proceeds from the sale or lease of assets, provided the assets are under the control of the DHS or the Home and provided the use of the proceeds is within the scope of the agencies. The DHS and the Home are also exempt from appropriated full-time equivalent (FTE) position limitations for a period of five years, beginning in FY 2004. For FY 2004, the DHS received a reduction of \$1.0 million (reduced from the Medical Assistance (Medicaid) Program appropriation) and the Home received a reduction of \$1.3 million. (Division XII of SF 453, Government Reinvention Act).

The following graph illustrates the history of the General Fund appropriations and FTE positions.



### Significant General Fund Changes Recommended

- ❖ **Department of Public Health** – An increase of \$2.0 million (8.4%) and a decrease of 0.2 (0.1%) FTE position compared to the estimated net FY 2004 appropriations. The major changes include:
  - ❖ **Addictive Disorders** – An increase of \$1.0 million (78.9%) and no change in FTE positions compared to the estimated net FY 2004 appropriation as follows:
    - ❖ An increase of \$500,000 to provide additional support for substance abuse treatment services and to assist in meeting federal maintenance of effort requirements.

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- ❖ An increase of \$500,000 for tobacco cessation programs.
- ❖ **Child and Adolescent Wellness** – An increase of \$1.1 million (134.8%) and 1.0 (2.3%) FTE position compared to the estimated net FY 2004 appropriation as follows:
  - ❖ An increase of \$761,000 for seven vans that will serve as mobile dental clinics in order to provide services to children and seniors in under-served areas.
  - ❖ An increase of \$174,000 for a Loan Forgiveness Program for dentists that practice in under-served areas.
  - An increase of \$100,000 to reflect the FY 2004 transfer of funds to the Child Health Program.
  - ❖ An increase of \$65,000 and 1.0 FTE position to manage and coordinate the mobile dental clinic program.
- ❖ **Department of Human Services** – An increase of \$84.7 million (12.0%) and 92.9 (1.7%) FTE positions compared to the estimated net FY 2004 appropriations. The changes include:
  - ✦ **Economic Assistance** – An increase of \$2.5 million (6.0%) and a decrease of 1.0 FTE positions (0.2%) compared to the estimated net FY 2004 appropriation. The changes include:
    - Family Investment and Promise Jobs Programs – An increase of \$2.5 million and a decrease of 1.0 FTE position, including:
      - ◆ An increase of \$2.7 million to maintain the maintenance of effort requirement in the federal Temporary Assistance to Needy Families Program.
      - ◆ A decrease of \$334,000 to eliminate the seven-cent per transaction fee paid to retailers for the Electronic Benefit Transfer (EBT) Program for Food Stamps.
  - ❖ **Medical Services** – An increase of \$60.9 million (16.3%) and an increase of 1.0 FTE position (4.5%) compared to the estimated net FY 2004 appropriation. The changes include:
    - ❖ Medical Assistance (Medicaid) Program – An increase of \$57.9 million, including:
      - ◆ An increase of \$15.2 million to replace funds that were transferred from the Medicaid Program for the salary adjustment in FY 2004.
      - ❖ An increase of \$10.0 million to decrease expenditures from the Senior Living Trust Fund for Medicaid and shift the costs to the General Fund.
      - ❖ An increase of \$32.7 million for 4.5% enrollment growth in the Program.



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- ❖ Medical Contracts – An increase of \$1.8 million and 1.0 FTE position for start up costs associated with a new fiscal agent contract in FY 2005.
- ❖ State Children’s Health Insurance Program – An increase of \$1.5 million for enrollment and expenditure growth in the Healthy and Well Kids in Iowa (*hawk-i*) Program.
- County Hospitals – A decrease of \$312,000 for state government assistance to Broadlawns Medical Center in FY 2004 in SF 458 (FY 2004 Standing Appropriations Act).
- ✦ **Child Welfare** – An increase of \$7.8 million (6.4%) and a decrease of 5.3 FTE positions (1.5%) compared to the estimated net FY 2004 appropriation. The changes include:
  - An increase of \$10.0 million for Child and Family Services to restore the FY 2004 General Fund reduction that was implemented due to the requirement in SF 453 (Government Reinvention Act).
  - A decrease of \$1.2 million to eliminate funding that was provided in FY 2004 as a one-time appropriation for training and technology changes resulting from the child welfare redesign.
  - A decrease of \$1.0 million to eliminate funding that was provided in FY 2004 as a one-time appropriation for loans to enable providers to adapt to changes resulting from the child welfare redesign.
  - A decrease of 5.4 FTE positions for the Eldora Training School to reflect FY 2004 actual usage.
  - An increase of 0.04 FTE position for the Toledo Juvenile Home to reflect FY 2004 actual usage.
  - ❖ The Governor is recommending that \$6.4 million the DHS allocated in FY 2004 for Psychiatric Medical Institutions for Children (PMICs) in the Child and Family Services budget be reallocated in FY 2005 to provide an additional \$4.3 million for Group Care and \$2.1 million for Adoption Subsidy. Funding for the PMICs would continue to be funded through Medicaid.
- ❖ **Mental Illness/Mental Retardation/Developmental Disabilities/Brain Injuries (MI/MR/DD/BI)** – An increase of \$13.5 million (12.8%) and 99.2 FTE positions (4.2%) compared to estimated net FY 2004. This includes:
  - ❖ State Resource Centers – An increase of \$3.1 million and 88.2 FTE positions. This includes:
    - ◆ A decrease of \$400,000 due to the increase in federal matching funds from FY 2004 salary adjustment funding.



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- ❖ An increase of \$2.1 million and 88.2 FTE positions for additional staff to respond to the federal Department of Justice requirements.
- ❖ A decrease of \$1.2 million resulting in not receiving the FY 2004 Medicaid salary transfer funds.
- ❖ An increase of \$1.3 million for clients without legal settlement at Glenwood State Resource Center.
- Sexual Predator Commitment Program – An increase of \$730,000 and 11.0 FTE positions. This includes:
  - ◆ An increase of \$75,000 for inflation and salary annualization.
  - ◆ An increase of \$892,000 and 11.0 FTE positions for the expected increase in the number of clients at the Program. The estimated increase of 12 in one year, at a rate of one per month.
  - ◆ A decrease of \$237,000 for one-time expenditures related to being located at Oakdale and transition to the Cherokee site.
- ❖ **Mental Health Property Tax Growth** – An increase of \$4.7 million, which has been enacted in SF 458 (FY 2004 Standings Appropriations Act). Appropriated growth for FY 2006 is expected to be considered during the 2004 Legislative Session.
- ❖ **Implementation of the Mental Health Redesign** – An increase of \$5.0 million for the initial implementation of the recommendations from the Mental Health and Developmental Disabilities Commission regarding the Mental Health redesign.
- ❖ **Commission on Veterans Affairs** – An increase of \$1.0 million (6.0%) and 1.0 FTE position (0.1%) for the Iowa Veterans Home to replace the FY 2003 carry forward funds. The Home has been designated a Charter Agency, pursuant to Section 7J.1, Code of Iowa, beginning with FY 2004 and for future years up to five, ending in FY 2008.



### Significant Other Fund Changes Recommended

- ❖ **Senior Living Trust Fund** – A decrease of \$10.0 million (9.8%) compared to the estimated net FY 2004 appropriation for the Medicaid supplement within the DHS.
- ❖ **Temporary Assistance to Needy Families** – A decrease of \$9.4 (6.3%) million compared to the estimated net FY 2004 appropriation to the DHS.
- ❖ **Hospital Trust Fund** – An increase of \$6.0 million (20.7%) compared to the estimated net FY 2004 appropriation for the Medical Assistance (Medicaid) Program within the DHS.

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- ❖ **Gambling Treatment Fund** – An increase of \$200,000 (9.8%) compared to the estimated net FY 2004 appropriation for the Gambling Treatment Program within the Department of Public Health.

### Issues

The Health and Human Services Appropriations Subcommittee may wish to examine the following issues:

#### ▶ **Department of Elder Affairs**

- ✦ **Substitute Decision Makers Program** – The Department of Elder Affairs reports that Iowa is one of six states without a formal Statewide system to ensure that individuals in need of a guardian, conservator, power of attorney, or other decision maker can receive assistance in making or implementing medical or financial decisions.

The Subcommittee may wish to examine the need for a formal, Substitute Decision Maker Program that would provide services for individuals who have no appropriate or available decision maker. The Department estimates that an initial 200-250 individuals could benefit from the Program.

- ✦ **Resident Advocate Committee (RAC) Support** – Under current law, a Resident Advocate Committee (RAC) is required in every long-term care facility in the State. The Department allocated \$49,000 to support this statewide Program in FY 2004 and reports that this funding level is not adequate to provide training, technical assistance, recruitment, or volunteer support activities. As a result, the Department reports that currently less than 50.0% of Resident Advocate Committee volunteers have been trained and that up to 25.0% of long-term care facilities do not have a Committee due to a lack of funding for volunteer recruitment. Of the Committees that are functioning, 60.0% are not meeting quarterly, which is required to ensure a consistent presence in facilities.

The Subcommittee may wish to examine the pros and cons of eliminating mandatory Resident Advocate Committees and allowing such Committees to be established on a voluntary basis.

- ✦ **Senior Living Trust Fund Appropriations** – The Department of Elder Affairs has received appropriations from the Senior Living Trust Fund since FY 2001 for the provision of non-Medicaid home and community-based services for seniors with low to moderate incomes. Since FY 2002, appropriations from the Senior Living Trust Fund have been used to offset reductions to the Department's General Fund appropriation.



Projections for the Senior Living Trust Fund indicate that under current law the Fund will be depleted in FY 2006 if appropriations continue at the FY 2004 levels. The Subcommittee may wish to consider the potential impact on future services to seniors provided by the Department of Elder Affairs if the Senior Living Trust

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Fund is depleted and the Department's General Fund appropriation does not increase to offset the loss of funds from the Senior Living Trust Fund.

✦ **Impact of the Governor's 2.5% Across-the-Board Reduction** – The impact of the \$67,000 reduction for FY 2004 is as follows:

- A decrease of \$32,622 in funding for the 13 Area Agencies on Aging. Each Agency will identify specific reductions in services and operations in order to save an amount equivalent to each Agency's respective share of the reduction.
- A decrease of \$23,742 due to the non-renewal of an administrative contract with the Department of Human Services (DHS) that paid a portion of expenses associated with level of care determinations conducted by the Iowa Foundation for Medical Care for clients age 60-64.
- A decrease of \$7,895 for State Administration.
- A decrease of \$2,843 for Retired Senior Volunteer Programs (RSVP).



### ► Department of Public Health

✦ **Reductions in Force** – In FY 2004, the Department had a reduction in force of 9.0 FTE positions, eliminated 10.0 vacant FTE positions, and shifted funding for 11.0 FTE positions from the General Fund to non-General Fund sources. The Subcommittee may wish to examine the impact of these staff reductions and the elimination of vacant positions, as well as how the funds that were previously used to pay for these positions are currently being used.

✦ **Impact of the Governor's 2.5% Across-the-Board Reduction** – The Department indicates that the impact of the \$610,000 reduction for FY 2004 is as follows:

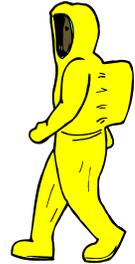
- Addictive Disorders – The \$32,000 reduction will result in ten substance abuse clients who have a primary problem with methamphetamine addiction not receiving treatment.
- Adult Wellness – Provider contracts for the Maternal Health Program will be reduced by \$7,000.
- Child and Adolescent Wellness – Provider contracts will be reduced by \$21,000.
- Chronic Conditions – Provider contracts for child health specialty clinics will be reduced by \$26,000.



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- Community Capacity – Provider contracts for the Primecarre Program will be reduced by \$33,000.
- Elderly Wellness – The \$237,000 reduction will result in an estimated 325 clients not receiving supportive services through home care aides due to reduced funding for local providers. In addition, an estimated 140 individuals and families will not receive nursing visits through local public health nursing programs.
- Environmental Hazards – The \$9,000 reduction will result in an estimated 750 fewer children being tested for lead poisoning and 28 children diagnosed as lead poisoned will not receive public health follow-up.
- Infectious Diseases – Provider contracts for Prescription Services will be reduced by \$27,000.
- Injuries – Line-item support expenses for the Head Injury Council will be reduced by \$35,000.
- Public Protection – The \$166,000 reduction will result in the elimination of a vacant FTE position in Radiological Health that will result in fewer inspections of radiation producing machines and radioactive material sources, as well as the reduction of line-item support expenses. In addition, many complaint hearings conducted by the Board of Professional Licensure will have to be held by conference call.
- Resource Management – Line-item expenses for Information Management will be reduced by \$17,000.



### ► Department of Human Services

- ◆ **Child Welfare General Fund Reduction** – Senate File 453 (Government Reinvention Act) required the Governor to reduce General Fund appropriations to the DHS enacted in HF 667 (FY 2004 Health and Human Services Appropriations Act) by \$10.0 million for FY 2004, but did not specify where the reductions were to occur. The Act required the reductions be applied by January 1, 2004. In December 2003, the appropriation for Child and Family Services was decreased by \$10.0 million in order to implement the reduction.



The General Fund decrease to Child and Family Services will be managed by using one-time increases in federal funds to offset the reduction, thereby reducing the amount of State funds needed in FY 2004. The additional federal revenue will be provided from two sources, including Temporary Assistance to Needy Families (TANF) and Title XIX (Medicaid).

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The DHS reports that the \$10.0 million decrease to Child and Family Services cannot be sustained in FY 2005 without reductions in the delivery of services. The Subcommittee may wish to examine the impact of continuing the \$10.0 million reduction in the area of Child Welfare.

*The Governor is recommending an increase of \$10.0 million for Child and Family Services for FY 2005 to restore the FY 2004 General Fund reduction that was implemented due to the requirement in SF 453 (Government Reinvention Act).*

✦ **Medicaid** – There are several issues facing the Medicaid Program:

- The Medicaid Program has experienced significant growth in enrollment and expenditures since FY 2001. During the 2003 Legislative Session, HF 619 (Medicaid Cost Containment Act) was enacted, which included an estimated \$46.4 million in savings initiatives. Implementation of these initiatives is dependent upon federal approval. If federal approval is not provided, or if the savings estimates are not achieved, other savings options will need to be considered.

- The DHS has issued the Request for Proposals for a new contract for the Medicaid Fiscal Agent. The new contractor would begin in FY 2005. The DHS has identified \$1.8 million in start up costs for FY 2005 for the new contract.



*The Governor is recommending an increase of \$1.8 million for Medical Contracts for start-up costs associated with the new contract in FY 2005.*

- The federal government provided a one-time 2.95% increase in the Federal matching percentage for the Medicaid Program for one quarter in FY 2003 and four quarters in FY 2004. The increase in the federal match rate decreases the amount needed for the State match for Medical Assistance by an estimated \$47.0 million in FY 2004. This additional \$47.0 million will no longer be available in FY 2004 and will need to be replaced by State funds.

*The Governor is recommending an increase of \$57.9 million for the Medical Assistance (Medicaid) Program to replace the one-time increase in the federal match rate and for enrollment and expenditure growth in the Program.*

✦ **Iowa Plan** – The DHS has issued the Request for Proposals for a new contract for the Iowa Plan. The new contractor would begin in FY 2005.

✦ **Mental Health Funding Inflation** – The General Assembly is scheduled to consider a mental health allowed growth factor for FY 2006. The 2003 General Assembly enacted a modification of the FY 2004 allowed growth factor with the FY 2004 distribution based on the balances of the individual 99 county Mental Retardation and Developmental Disabilities Services Funds and other factors. The General Assembly may wish to review the distribution of the FY 2004 allowed growth amounts and the expected balances of the county fund balances when determining the growth factor for FY 2005. The Mental Health and Developmental Disabilities Commission released a Mental Health Redesign on

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December 31, 2003, relating to changes in funding, increases in services, increases in the number of persons eligible for services, and changes in other elements of the arena. *The Governor recommends an increase of \$5.0 million for the initial implementation costs of the Mental Health Redesign. The Governor also recommends an increase of \$4.7 million (24.5%) for the FY 2006 Allowed Growth, equaling a 2.0% increase in the formula. In addition, the Governor recommends \$2.4 million increase for further implementation of the Mental Health redesign.*

- ◆ **Impact of the Appropriation Transfer to the Department of Public Safety –** The Governor required the Departments designated as Charter Agencies and exempted from the 2.5% across-the-board reduction to transfer funds to the Department of Public Safety (DPS) for the replacement of the 2.5% across-the-board reduction. The Department of Management indicated that the funds were available from a decrease in the amount of estimated cost increases for employee insurance costs. The DHS transferred \$591,000 to the DPS in FY 2004.

- ▶ **Commission on Veterans Affairs –** For FY 2004, the General Assembly provided an increase of \$100,000 and 2.0 FTE positions to allow the Commission to assist additional veterans in applying for federal benefits. The Commission reported that increased access to federal benefits would decrease the need for veterans to access Medicaid services both by increasing the income of veterans and allowing them to access services available through the Veterans Administration. On average, the Commission has handled 25 additional phone calls per day and assisted in 25 additional applications per month since receiving the increase in funding and FTE positions. The Subcommittee may wish to examine the challenges the Commission has experienced in increasing the number of applications processed despite the increase in funding and staff.



- ◆ **Impact of the Governor's 2.5% Across-the-Board Reduction –** The impact of the \$7,000 reduction for FY 2004 will result in a decrease in the travel budget for the Commission of Veterans Affairs. The Iowa Veterans Home is exempt from the across-the-board reduction.
  - ◆ **Impact of the Appropriation Transfer to the Department of Public Safety –** The Governor required the Departments designated as Charter Agencies and exempted from the 2.5% across-the-board reduction to transfer funds to the Department of Public Safety (DPS) for the replacement of the 2.5% across-the-board reduction. The Department of Management indicated that the funds were available from a decrease in the amount of estimated cost increases for employee insurance costs. The Veterans Home transferred \$150,000 to the DPS in FY 2004. The Veterans Home indicated the funds were available due to additional revenues.
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### Issue Reviews

The LSA completed the following **Issue Review** related to the Health and Human Services Appropriations Subcommittee during the 2003 Legislative Interim that are available on the LSA web site at <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>



- [Medicaid Update](#)

### Topic Presentations

The LSA maintains and updates **Topic Presentations** available on the LSA web site at <http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>. Presentations relating to the Health and Human Services Subcommittee include:

- [Childhood Lead Poisoning](#)
- [Community Empowerment](#)
- [Health and Human Services Appropriations Subcommittee](#)
- [Healthy Opportunities for Parents to Experience Success \(HOPES\) Program/Healthy Families Iowa \(HFI\)](#)
- [Maternal and Child Health Services](#)
- [Medicaid Waivers](#)
- [Mental Health Funding](#)
- [State Children's Health Insurance Program \(SCHIP\)](#)
- [Senior Living Trust Fund](#)

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## JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

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### FY 2005 GOVERNOR'S RECOMMENDATIONS

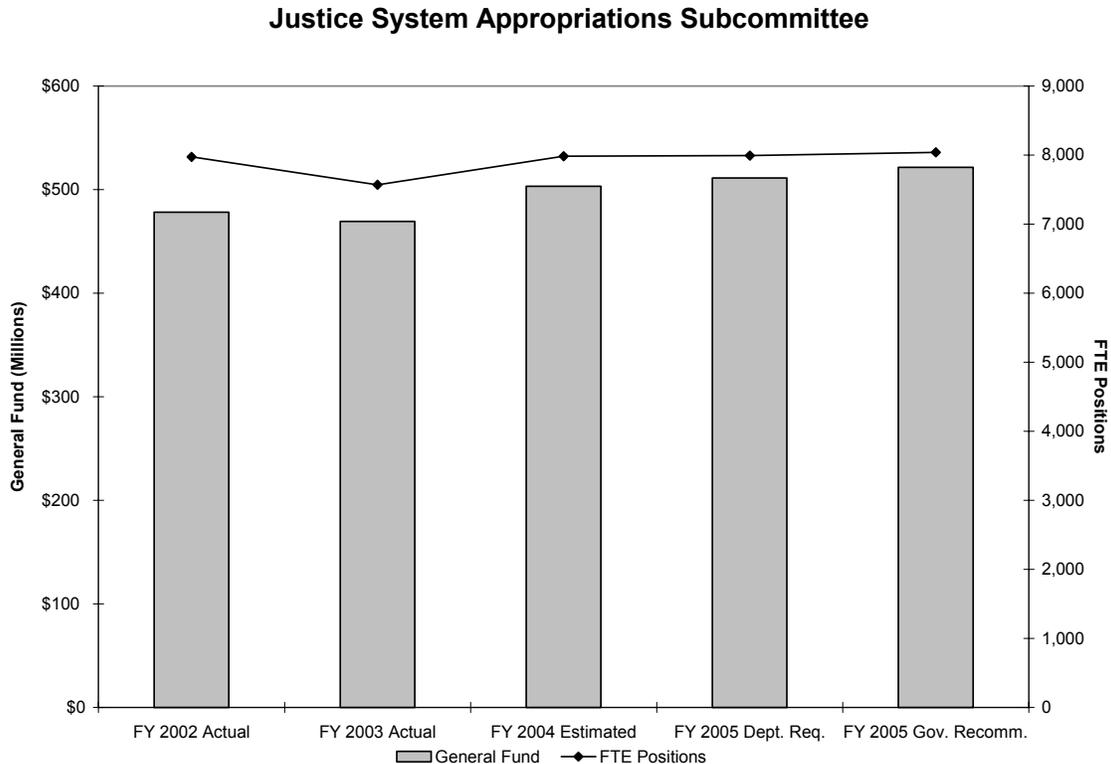
The Governor is recommending for the Judicial Branch and the nine departments of the Justice System Appropriations Subcommittee \$521.4 million from the General Fund and 8,039.1 FTE positions, an increase of \$18.3 million (3.6%) and 58.4 FTE positions (0.7%) compared to estimated net FY 2004.

This includes 126.9 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by either federal, restricted, revolving, or other State funds. More information on these FTE positions is available from the Fiscal Services Division of the Legislative Services Agency (LSA) upon request.

The Governor's recommendations are compared to the estimated net FY 2004 appropriation, which includes salary adjustment, a salary transfer, an across-the-board reduction, and in some instances, a charter agency reduction. A new concept of funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

## Justice System Appropriations Subcommittee

The following graph illustrates the history of the General Fund appropriations and FTE positions.



### Significant General Fund Changes Recommended

#### ► Department of Justice

- ❖ An increase of \$25,000 (0.2%) and no change in FTE positions compared to the estimated net FY 2004 appropriation. The increase establishes grant funds for victim services providers. The estimated net FY 2004 appropriation and the Governor's recommendation for FY 2005 include the \$205,000 the Department received from the \$15.2 million Medicaid salary adjustment transfer.

#### ► Civil Rights Commission

- ❖ An increase of \$99,000 (12.0%) and 2.0 FTE positions (7.1%) compared to the estimated net FY 2004 appropriation. The increase funds two Civil Rights Specialists and replaces outdated computer equipment. The estimated net FY 2004 appropriation and the Governor's recommendation for FY 2005 include the \$13,000 the Commission received from the \$15.2 million Medicaid salary adjustment transfer.

► **Department of Corrections** – An increase of \$5.7 million (2.2%) and an increase of 24.7 FTE positions (0.6%) compared to the estimated FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor’s recommendation for FY 2005 include the \$4.3 million the Department received from the \$15.2 million Medicaid salary adjustment transfer. Both the estimated net FY 2004 appropriation and the FY 2005 Governor’s recommendation reflect the \$500,000 reduction associated with the Department’s Charter Agency status. Significant changes include:

- ❖ An increase of \$2.4 million and 42.9 FTE positions to annualize operating costs of the 225-bed lodge at the Clarinda Correctional Facility for a full 12 months. The facility is projected to open in May 2004.
- ✦ A decrease of \$278,000 to eliminate the FY 2004 one-time costs for opening the minimum-security lodge at the Clarinda Correctional Facility.
- ❖ An increase of \$901,000 to fund 19.0 currently authorized Parole/Probation Officers in Community-Based Corrections (CBC) District Departments.
- ❖ An increase of \$1.1 million to fund increased costs of utilities in CBC District Departments and Institutions.
- ❖ An increase of \$1.3 million to fund increased costs and increased usage of pharmaceuticals.
- ❖ An increase of \$250,000 to conduct Hepatitis C testing on all new admissions at the Iowa Medical Classification Center at Oakdale.
- ✦ A decrease of 18.2 FTE positions to eliminate unfunded FTE positions.



► **Iowa Communications Network (ICN)** – The Governor did not have a General Fund recommendation for FY 2005 due to the elimination of the Network’s video subsidy request. The ICN was designated as a common carrier in December 2000 qualifying it as a Universal Service Fund (USF) provider for eligible authorized users starting in FY 2002. The Governor is recommending 107.0 FTE positions which is a decrease of 8.1 FTE positions (7.0%) compared to estimated net FY 2004. The estimated net FY 2004 appropriation for the ICN was reduced by \$12,500 due to the FY 2004 2.5% across-the-board reduction.



► **Office of the State Public Defender** – An increase of \$2.0 million (5.6%) and no change in FTE positions compared to the estimated net FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor’s recommendation for FY 2005 include the \$254,000 the Office received from the \$15.2 million Medicaid salary adjustment transfer. Changes include:

- ❖ An increase of \$917,000 to restore the FY 2004 2.5% across-the-board reduction in FY 2005.
- ❖ An increase of \$636,000 to fill all currently authorized FTE positions and related services in the Office of the State Public Defender in order to avoid increased

## Justice System Appropriations Subcommittee

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costs to the Indigent Defense appropriation. According to the Department of Management, the impact of not funding this recommendation will be an increase in indigent defense costs because private attorneys will handle more cases.

- ❖ An increase of \$447,000 to the Indigent Defense appropriation to pay private attorney claims at a level that assumes the Office of the State Public Defender will be fully staffed in FY 2005.

- **Judicial Branch** – The Governor passed through a total of \$125.8 million from the General Fund and 1,922.9 FTE positions for FY 2005. This is an increase of \$6.0 million (5.0%) and no change in FTE positions compared to estimated FY 2004.



The changes include:

- An increase of \$436,000 to fund ongoing Judicial Building operation costs. These costs also include on-going utility and maintenance costs.
- An increase of \$265,000 to restore the funding for education and training programs. In FY 2002, all training and education programs were eliminated. The education and training programs are for judges, magistrates, juvenile court officers, clerks of court, and court reporters and are used to keep employees current on the latest law changes and methods to perform daily duties.
- An increase of \$825,000 to provide partial funding for all currently authorized positions and benefits including the State's share of insurance. A shortage in salary money would force the Judicial Branch to keep vacant positions open longer, reduce the hours of courthouse operations, or require additional lay offs.
- An increase of \$490,000 to restore funding for equipment replacement. Of this request, approximately \$100,000 would be used to supply furniture to the new Dickinson County Courthouse. The remaining funding would be used to replace furniture, copy machines, and fax machines in Courthouses across the State.
- An increase of \$1.0 million to move a portion of the ongoing technology operation cost from the Enhanced Court Collection Fund to the General Fund.
- ❖ **Department of Public Safety** – An increase of \$5.0 million (8.1%) and 11.0 FTE positions (1.2%) compared to the estimated net FY 2004 appropriation. The estimated net FY 2004 appropriation and the Governor's recommendation for FY 2005 includes the \$944,000 the Department received from the \$15.2 million Medicaid salary adjustment transfer. Significant changes include:
  - ❖ An increase of \$1.6 million to restore the FY 2004 across-the-board reduction for FY 2005.



- ❖ An increase of \$250,000 to provide replacement funding for the Division of Criminal Investigation (DCI) Crime Lab.
- ❖ An increase of \$226,000 and 4.0 FTE positions for Fire Marshal Inspectors.
- ❖ An increase of \$867,000 for vehicle depreciation.
- ❖ An increase of \$1.2 million to the Iowa State Patrol to replace the one-time federal funds received for the .08 legislation.
- ❖ An increase of \$169,000 and 1.0 FTE position for the IOWA System cyber-security position.
- ❖ An increase of \$280,000 and 4.0 FTE positions for additional criminalists for the DCI.
- ❖ An increase of \$100,000 for DCI overtime.
- ❖ An increase of \$125,000 and 2.0 FTE positions for two special agents to track methamphetamine.
- ❖ An increase of \$100,000 for additional expenditures from the Sick Leave Payout Fund.

### Significant Other Fund Changes Recommended

- ❖ **Department of Public Safety** – *The Governor is recommending \$1.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) to the Department of Public Safety for capital upgrades. This would replace the \$1.0 million appropriation from the Restricted Capital Fund in FY 2004. The Governor is not recommending \$800,000 from the RIIF for Capitol Security that was appropriated in FY 2004.*
- **Department of Corrections** – The Governor is recommending \$1.8 million from tobacco settlement revenues in FY 2005, which is a decrease of \$310,000 to eliminate the values-based treatment program at the Newton Correctional Facility. This was a new appropriation in FY 2004.

### Issues

The Justice System Appropriations Subcommittee may wish to examine the following issues:

#### **Department of Justice**

- **Victim Compensation Fund** – Based on actuarial studies in other states, at least \$4.6 million should be held in reserve so that the Fund remains actuarially sound. This amount provides a six-month reserve for victim claims and operations in case of a catastrophic event, such as the Oklahoma City bombing. The FY 2004 ending balance is projected to be \$4.2 million, which is less than the recommended level to meet financial needs of a disaster.
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## Justice System Appropriations Subcommittee

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The Department is considering maintaining a three-month reserve in FY 2004, so that funds may be transferred to Victim Assistance Grants. The Victim Assistance Grants Program awards funds to service providers for victims of rape, sexual assault, and domestic abuse. Two local domestic violence shelters closed in FY 2003 due to financial problems. The Subcommittee may want to review alternatives for either additional receipts or reduced expenditures for the Victim Compensation Fund.

- ▶ **Victim Assistance Grants** – The Victim Assistance Grants Program awards funds to service providers of crime victims of rape, sexual assault, and domestic abuse. The FY 2004 General Fund allocation (\$30,000) provides the required match for administrative costs of the Violence Against Women Act (VAWA) that was transferred from the Office of Drug Control Policy in FY 2003. The Department transferred \$2.3 million from the Victim Compensation Fund to Victim Assistance Grants in FY 2004, pursuant to Section 915.94, Code of Iowa. This is an increase of \$65,000 (2.9%) compared to the amount transferred in FY 2003, and an increase of \$1.8 million (250.9%) compared to the amount transferred in FY 2002. It is unlikely the Victim Compensation Fund will be able to support the FY 2004 funding level for Victim Assistance Grants in future fiscal years.

From FY 2003 to FY 2004, federal receipts declined for the Family Violence Prevention and Services Act by \$37,000 and the Victim of Crime Act assistance award declined by \$446,000. The Violence Against Women Act award increased by \$211,000, but this increase does not offset the decrease in the other two funding streams. Two local programs closed due to financial problems in FY 2003. The Subcommittee may wish to review funding options for this grant program. *The Governor is recommending \$25,000 from the General Fund to establish a new appropriation for Victim Assistance Grants in FY 2005.*

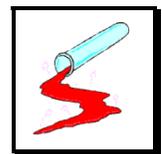
- ▶ **Impact of the FY 2004 Across-The-Board Reduction** – The FY 2004 General Fund 2.5% across the board reduction was \$261,000. Most of the funding reduction has been borne by the Attorney General's Office, Legal Services Poverty Grant, and Victim Assistance Grants. The Attorney General's Office has been holding approximately 15 attorney positions vacant for two years. The Legal Services Poverty Grant is no longer supported by a General Fund appropriation in FY 2004. Rather, the Department has relied on the Civil Reparations Trust Fund to provide financial support to Iowa Legal Aid. The General Fund appropriation for Victim Assistance Grants has been reduced by \$1,905,806 (98.45%). The Department has relied on transferring funds from the Victim Compensation Fund to the Victim Assistance Grants Account in order to maintain services for local shelter care. *The Governor did not recommend restoring the funding.*

## Civil Rights Commission

- ▶ **Workload** - The General Fund appropriation for the Commission decreased 2.5% from FY 1994 through FY 2002, while the number of complaints filed increased 7.8%. The estimated net FY 2004 budget is 22.3% less than the amount actually spent in FY 2002. The backlog of cases represents approximately 11 months. The Subcommittee may want to discuss options for managing the workload of the Commission. *The Governor is recommending an increase of \$99,000 and 2.0 FTE positions to prevent further growth of the backlog.*
- ▶ **Impact of the FY 2004 Across-The Board Reduction** – The FY 2004 General Fund 2.5% across the board reduction was \$21,000. The Commission anticipates several vacancies that will generate salary savings. Fewer staff may increase the backlog of complaints filed with the Commission. *The Governor did not recommend restoring the funding.*

## Department of Corrections

- ▶ **Prison Population Growth** – The Iowa prison population is currently 8,524 inmates, which is 122.3% of current design capacity. The population is projected to reach 11,925 inmates by FY 2013, if current sentencing policies and laws remain in place. If the inmate population reaches 11,925, five new 800-bed prisons will need to be built at a cost of \$50.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million, if they operate at full capacity. The Subcommittee may want to examine alternatives to building new prisons. *The Governor is recommending \$1.1 million for increased costs of utilities due to increased usage and increased rates.*
- ▶ **Alternative Sanctions for Drug Offenders** – Drug offenses represent the fastest growing offense type for new prison admissions and are expected to grow in the future. New prison admissions for drug offenses during FY 2003 was a record 1,112, an increase of 15.9% compared to FY 2002, and a 201.4% increase compared to FY 1993. Drug offenses are one of the primary causes of revocation to prison for probationers and parolees. The Subcommittee may want to review substance abuse treatment options and funding levels.
- ❖ **Medical Costs** – *The Department has noted that costs for medical care of inmates have been increasing faster than the inflation rate, and more inmates need treatment for Hepatitis C Virus, Acquired Immune Deficiency Syndrome (AIDS), and mental illness. The DOC spent \$4.1 million on drugs and biological medications in FY 2003, which is an increase of \$404,000 (11.0%) compared to FY 2002. In comparing FY 2003 to FY 1993, the costs for drugs and biological medications increased by \$3.7 million (939.9%). The Governor is recommending \$1.6 million for increased usage*

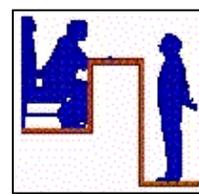


## Justice System Appropriations Subcommittee

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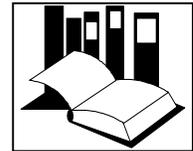
and costs of pharmaceuticals and to conduct Hepatitis C testing on all new admissions.

- ▶ **Luster Heights Prison Camp** – House File 683 (Grow Iowa Values Fund Appropriations Act) created a substance abuse treatment facility for probationers and parolees with a substance abuse problem. Previously, the Luster Heights Prison Camp was a minimum-security facility for low-risk inmates. House File 683 also provided funds to renovate the Camp to increase capacity by 17 beds. Beginning in November 2003, the First Community-Based Corrections (CBC) in cooperation with the Department of Corrections (DOC) and the court system, placed offenders at the Camp to assist in complying with the conditions of probation. The Subcommittee may want the Department to provide an update on this pilot project.
- ▶ **Clarinda Lodge** – House File 683 (Grow Iowa Values Fund Act) appropriated \$730,000 from the Rebuild Iowa Infrastructure Fund to renovate a Lodge at the Clarinda campus for 225 minimum-security beds. The Act also appropriated \$793,000 from the General Fund for FY 2004 one-time costs of opening the facility and two months of operating costs. The appropriation was based on opening a 225-bed facility in May 2004, after renovations have been completed. *The Governor is recommending \$2.4 million and 42.9 FTE positions to operate the Lodge for a full year.*
- ▶ **Mental Health** – The Department is working with the University of Iowa School of Medicine and the Iowa Consortium of Mental Health Board to improve services to a growing number of mentally ill inmates. The University of Iowa School of Medicine is guiding the Corrections' mental health system, to determine the future needs of that system and develop resources to address the mental health needs of inmates. The Subcommittee may want to review this issue with the Department.
- ▶ **CBC Growth** – The CBC offender populations continue to increase and may increase from 27,531 in FY 2003 to approximately 46,000 offenders by FY 2013. Assuming the budget needed to fund the current level of services would increase at the same rate as the CBC offender population, the CBC District Departments would need a budget of approximately \$85.6 million in FY 2013, compared to the current budget of \$60.1 million. The Subcommittee may want to review alternative sanctions for low risk offenders, such as increased use of community service sentencing and stiffer financial penalties. *The Governor is recommending \$901,000 to fund 19.0 currently authorized FTE positions (Parole/Probation Officers).*
- ▶ **Inmate Employment** – The DOC uses a variety of methods to meet Iowa's Hard Labor Law (Section 904.701, Code of Iowa). Inmates are employed in the Institutions, e.g., working in the kitchen or laundry. They are also employed on the prison farms, private sector, and traditional Iowa Prison Industries jobs. Several Institutions provide community work crews, where the inmates work on projects that benefit local governments and



nonprofit organizations. Inmates are also used by State agencies, such as the Department of Natural Resources and the Department of Transportation. The DOC is exploring the option of charging other State agencies a small daily stipend for using inmate labor. The stipend may be used to offset the costs of transportation and inmate personal safety equipment. The Subcommittee may wish to learn more about the type and amount of work performed by inmates, and the potential issues involved with requiring State agencies to pay a stipend.

- ▶ **Private Sector Employment of Inmates** – Beginning in FY 2001, amounts that would have been paid for room and board by prison inmates with earnings from private sector employment are deposited into the General Fund. During FY 2002, \$706,000 was deposited into the General Fund, which is a decrease of \$150,000 (17.5%) compared to General Fund receipts in FY 2001. The General Fund deposit was \$557,000 in FY 2003, a decrease of \$149,000 (21.1%) compared to FY 2002. The decrease is primarily due to fewer employers being involved in the private sector program, which results in a corresponding reduction in the number of inmates employed by the program. The Subcommittee may want to examine the inmate employment situation and the Hard Labor Law (Section 904.701, Code of Iowa).
  
- ▶ **Prison Education** – The FY 2004 General Fund appropriation is \$1.0 million, which is an increase of \$900,000 (900.0%) compared to actual FY 2003. The estimated net FY 2004 appropriation is \$2.3 million less than FY 2001, a decrease of 69.6%. Since FY 2001, the DOC is relying on other funding sources, such as carryover funding from the previous year's appropriation, Institution Canteen receipts, and the Telephone Rebate Fund, to provide adult basic education, high school equivalent, and vocational courses through the community college system. Literacy is a significant problem that limits employment for the inmate population, and the Department has focused educational resources on literacy for the past several years. Research suggests inmate education increases employability of released inmates and reduces recidivism. Vocational education is provided primarily in conjunction with Prison Industries. The Subcommittee may want to examine the effectiveness of funding streams and involvement of Iowa Prison Industries.



## Justice System Appropriations Subcommittee

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the proceeds is within the scope of the agencies. The Department of Management plans to provide full salary adjustment funding in FY 2005 to these Charter Agencies. The DOC and CBC District Departments are also exempt from the appropriated FTE limitations for a period of five years, beginning in FY 2004. The Subcommittee may want to review the performance targets, special projects, potential asset sales, benefits and flexibilities generated by the DOC and CBC District Departments being designated as Charter Agencies.

### Department of Public Safety

- ▶ **Vehicle Depreciation** – The State Vehicle Dispatcher recommends that vehicles in the Department of Public Safety be replaced when they have reached 92,000 miles. Due to a lack of funding in FY 2001, the Department purchased 66 vehicles, of a needed 150. In FY 2002, no vehicles were purchased due to the moratorium on spending. In FY 2003, 78 vehicles were purchased and began to arrive last December. Under the State Dispatcher's recommendation, Public Safety should replace one-third of the fleet or approximately 167 cars each year. FY 2004, the Department will purchase no more than 80 new vehicles for the Patrol. The Department currently has 221 vehicles in excess of the recommended trade-in mileage, of which 109 are in excess of 100,000 miles. *The Governor is recommending an increase of \$867,000 for vehicle depreciation for the Fire Marshal's Office and the Iowa State Patrol.*
- ▶ **National Highway Traffic Safety Administration (NHTSA) decision on the \$1.2 million Operating While Intoxicated (OWI) incentive funding** – On November 26, 2003, the Department of Public Safety was notified by the U.S. Department of Transportation that Iowa's proposed use of the incentive grant funds would not be a violation of the National Highway Traffic Safety Administration's (NHTSA) supplanting policy. The Department of Public Safety is expected to receive approximately \$777,000, which will fund about 14.0 FTE positions. The original award was estimated to be \$1.2 million and would have funded 20.0 FTE positions but more States than originally anticipated applied for and received the incentive funds. The Department is still under-funded by \$423,000 for trooper salaries and this will be a funding issue in FY 2005 due to the one-time source of funding in FY 2004. *The Governor is recommending a \$1.2 million increase to the Iowa State Patrol to replace the one-time federal funds received for the .08 legislation.*

### Iowa Law Enforcement Academy

- ▶ **Academy Class Size:** Class enrollments are down for 2004. Each Academy class normally has approximately 44 students. There are 28 students in the 195<sup>th</sup> class and 31 students in the 196<sup>th</sup> class. The Code of Iowa requires that the Academy can only charge up to 50.0% of the cost to have a basic training class. The tuition cost for FY 2004 is approximately \$2,100. The General Fund appropriation in FY 2004 was \$1.1 million. Due to the decrease in enrollment, the fee-generated revenue will be less. Half the cost to run the Academy at Camp Dodge comes from the General
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Fund appropriation and the remaining half comes from the fees charged to cities and counties for their candidate to attend. *The Governor is recommending language to allow ILEA to bill beyond 50.0% of costs subject to Council approval.*

- ▶ **Impact of the FY 2004 Across-the-Board Reduction:** The Academy plans to offset the 2.50% across-the-board reduction by offering additional training. It is too early to know if layoffs or furloughs will be necessary. This will depend on the number of students in each basic academy and specialty school. The Academy is also going to propose legislative language that would allow them to carry a negative balance until the receipt of federal funds for the domestic violence grant and the receipt of revenue for the June basic academies. *The Governor did not recommend restoring the funding.*

### Department of Public Defense

- ▶ **Impact of the FY 2004 Across-the-Board Reduction:**

**Military Division** – The Military Division will manage the reduction by delaying maintenance projects that are a State responsibility or require State matching funds. The projects delayed will be accomplished through contracting or will be performed by the Military Division's State employees. By having State employees working on projects that are in federally supported facilities, there is a greater percentage of their salary costs that will be reimbursed with federal funds. At this time, the Division does not have plans to layoff or furlough any State employees. *The Governor did not recommend restoring the funding.*

**Homeland Security and Emergency Management Division** – The Homeland Security and Emergency Management Division will manage the 2.5% across-the-board reduction by delaying the filling of open positions within the Division. The reduction in funding will result in a direct reduction of homeland security capabilities and will extend the necessary timeframes for the Division to fulfill its mission to establish, coordinate, and maintain State and local emergency management activities and intergovernmental, private, and volunteer partnerships to mitigate, prepare for, respond to and recover from all disasters that might impact Iowa and its citizens including acts of terrorism and the use of weapons of mass destruction. *The Governor did not recommend restoring the funding.*

### Parole Board

- ▶ **Prison Overcrowding** – The increasing prison population will impact the Board's resources and information management system. The Subcommittee may want to examine the Board's workload, staffing, and its ability to utilize new technology to manage the workload. *The Governor is recommending \$26,000 to restore the FY 2004 across-the-board reduction for FY 2005.*
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## Justice System Appropriations Subcommittee

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### Public Defender and Indigent Defense Program

- **Caseloads** – The Office of the State Public Defender expended \$38.1 million in total funds during FY 2003, an increase of \$158,000 (0.4%) compared to FY 2002. Costs for this constitutionally mandated program have been steadily increasing. Since FY 1991, the average annual increase in spending has been 9.9%. Costs have risen due to the increase in cases and claims. From FY 1991 to FY 2003, the number of attorney claims for reimbursement from the Indigent Defense Fund has increased 180.3%, while the number of cases handled by the Office of the State Public Defender increased 290.3%. The Subcommittee may want to examine the adequacy of staffing and funding. *The Governor is recommending \$2.0 million to fully fund currently authorized FTE positions, restore the FY 2004 across-the-board reduction, and fund projected growth in private attorney claims.*

### Iowa Communications Network

- ❖ **Sale of the Iowa Communications Network Assets** – *The Governor is recommending the sale of the ICN assets. The revenue generated will be used to retire the remaining debt service payments. These payments are currently appropriated from the Restricted Capital Fund and are scheduled as follows: \$13.0 million in FY 2005 and \$1.7 million in FY 2006. Any revenue remaining after the debt service has been paid will be used to provide future upgrades without relying on State funds.*

### Issue Reviews

The LSA completed three **Issue Reviews** during the 2003 legislative interim dealing with:

- [Update on the Iowa Communications Network](#)
- [Capitol Security](#)
- [Review of Iowa's 85.0% Sentencing Law](#)

Copies of the **Issue Reviews** are available on the LSA web site:  
<http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

### Topic Presentations

The LSA maintains and updates **Topic Presentations** available on the LSA web site. Presentations relating to the Justice System Subcommittee include:

- [Justice System Appropriations Subcommittee](#)
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## Justice System Appropriations Subcommittee

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- [Community-Based Corrections](#)
- [Crime Victim Assistance Division of the Department of Justice](#)
- [Iowa Law Enforcement Academy](#)
- [Iowa Prison System](#)
- [Legal Representation of Indigent Defendants](#)
- [Homeland Security and the Emergency Management Division](#)
- [Iowa Court System](#)
- [Methamphetamine Use in Iowa](#)

Copies of the **Topic Presentations** are available on the LSA web site:  
<http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>

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## TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE

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Larry McKibben, Vice Chair  
Steve Warnstadt, Ranking Member  
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Diane Ackerman – Legal Services Division

## DEPARTMENT OF TRANSPORTATION FY 2005 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$276.9 million and 3,520.0 FTE positions for Operations, Special Purpose, and Capital appropriations for FY 2005. This is a decrease of \$4.7 million (1.7%) and a decrease of 18.0 FTE positions (0.5%) compared to the estimated net FY 2004 appropriation. This includes a decrease of \$5.0 million (10.9%) from the Road Use Tax Fund and an increase of \$363,000 (0.2%) from the Primary Road Fund. This also includes 96.0 FTE positions that are not appropriated by the General Assembly, but are reflected in the FTE tracking document in Appendix A. These positions are funded through revolving funds administered by the Department. More information on these FTE positions is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Of the total FY 2005 recommendation:

- \$276.2 million is recommended for Operations and Special Purpose projects, a decrease of \$3.0 million (1.1%) compared to the estimated net FY 2004 appropriation.
- \$650,000 is recommended for Capital projects, a decrease of \$1.7 million (71.7%) compared to the estimated net FY 2004 appropriation.



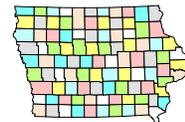
## Transportation, Infrastructure, and Capitals Appropriations Subcommittee

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### Significant Other Fund Changes Recommended

The following changes include recommendations from the Road Use Tax Fund and Primary Road Fund:

- A decrease of \$280,000 and an increase of 1.0 FTE position to the Operations Division. This includes an increase of \$445,000 from the Primary Road Fund and a decrease of \$725,000 from the Road Use Tax Fund. The recommendation includes:
  - ✦ An increase of \$73,000 to fund inflationary increases on existing leases.
  - ✦ A decrease of \$418,000 to transfer funds to the County Treasurer Support Appropriation.
  - ✦ An increase of \$65,000 and 1.0 FTE position to transfer the position from the Motor Vehicle Division to the Information Technology Division, which is under the Operations Division.
  
- An increase of \$403,000 for workers' compensation. This includes an increase of \$385,000 from the Primary Road Fund and an increase of \$18,000 from the Road Use Tax Fund (see "Issues" for additional information).
  
- A decrease of \$5.0 million from the Road Use Tax Fund for the vehicle registration system rewrite.
  
- A new recommendation of \$1.1 million from the Road Use Tax Fund for resources to issue driver's licenses, vehicle registrations, and titles at County Treasurer Offices throughout the State. This recommendation includes:
  - ✦ \$30,000 recommended in previous years as a separate appropriation for the county issuance of driver's licenses.
  - ✦ \$418,000 for existing automation and telecommunications costs at counties that issue driver's licenses, vehicle registrations, and titles. This amount will be transferred from the Operations Division base budget.
  - ✦ \$648,000 for costs associated with improving data transmission between the counties and the Department of Transportation.
  
- A decrease of \$1.4 million and 18.0 FTE positions from the Primary Road Fund to the Highway Division.
  
- A decrease of \$2.0 million from the Primary Road Fund for maintenance garage replacements.



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- ▶ A new recommendation of \$2.5 million from the Primary Road Fund to upgrade the Department's current budget system in order to comply with the new I/3 (Integrated Information for Iowa) State budget system (see "Issues" for additional information).
- ▶ A new recommendation of \$650,000 from the Primary Road Fund to fund infrastructure improvements to various buildings at the DOT complex.

### Issues

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee may wish to examine the following issues pertaining to the Department of Transportation.

- ▶ **Road Use Tax Fund** – The Fiscal Services Division of the Legislative Services Agency, has published an *Issue Review* entitled "Road Use Tax Fund Revenue Update," which includes the information detailed below.

- ◆ Review of recent legislative changes concerning the transfer of jurisdiction of 700 miles of State primary roads to cities and counties. From FY 2004 through FY 2013, following the 47.5% Road Use Tax Fund allocation to the Primary Road Fund, 1.75% of Primary Road Fund moneys (approximately \$7.9 annually) are credited to the Transfer of Jurisdiction Fund created by SF 451 (FY 2004 Road Jurisdiction and Funding Act). The funds are then transferred to cities and counties by formula.



- ◆ Review of recent legislative changes in the tax rates on gasohol and gasoline, in addition to the distribution of the surcharge fee collected on certificates of title, and the effect on the Road Use Tax Fund.

- Beginning in FY 2003, tax rates for gasohol and gasoline fluctuate each fiscal year based on the percentage of ethanol-blended gasoline sold during the previous calendar year. The tax credits apply to gallons sold after January 1, 2002. For FY 2004, the tax on regular gasoline increased by 0.2 cent per gallon, for a tax rate of 20.3 cents per gallon. The result is an estimated increase of \$1.8 million (4.0%) to the Road Use Tax Fund in FY 2004, and an estimated increase of \$2.8 million (0.6%) in FY 2005.



- House File 2554 (FY 2003 Tire and Waste Tire Initiatives – Management, Regulation, and Use of Funds Act) authorized that from FY 2003 through FY 2007, 20.0% of the \$5.00 surcharge fee collected on certificates of title be deposited into the Waste Tire Management Fund to continue the Waste Tire Management Program. The remaining moneys are to be deposited into the Road Use Tax Fund. Beginning in FY 2008, the entire amount collected from the \$5.00 surcharge fee is to be deposited into the Road Use Tax Fund. In FY 2003, a total of \$5.5 million was collected from the \$5.00



surcharge fee. Of that amount, \$990,000 was deposited into the Waste Tire Management Fund, and \$4.0 million was deposited into the Road Use Tax Fund. Due to an accounting error, \$499,000 was also deposited into the General Fund in FY 2003. As a result of the error, 20.0% or \$100,000 of the General Fund amount is to be transferred to the Waste Tire Management Fund, and 80.0% or \$399,000 is to be transferred to the Road Use Tax Fund in FY 2004.

- **Examination of the I/3 Implementation** – Based on the concept of “results based budgeting,” a component of House File 687 (FY 2002 Accountable Government Act), the Department of Management (DOM), in collaboration with the General Assembly, created the I/3 System. The System is a centralized database that provides all three branches of government universal access to information on budgets, e-procurement, human resources, payroll, and benefits through a single point of entry. Implementation of the I/3 System will occur through calendar year 2005. *The Governor is recommending \$2.5 million for FY 2005 for costs associated with hiring a consultant to implement the new System at the DOT.*

- **Examination of the Increase in Workers’ Compensation Costs** – The Department of Administrative Services (DAS) asked the consulting firm of Deloitte and Touche to conduct an actuarial review to recommend a new methodology for calculating premiums that would improve the sharing of risk, provide premium stability, equitably allocate administrative costs, and provide a reasonable level of cash flow to meet expenses in FY 2004. As a result of the review, most State agencies will experience a decrease in workers’ compensation premiums in FY 2004; however, the DOT will experience an increase of \$479,000 (25.4%). The Department will transfer funds from another budget at the end of FY 2004 to cover the increase. Workers’ compensation premiums in FY 2005 are estimated to be comparable to FY 2004. The Governor’s FY 2005 recommendation of \$2.3 million is an increase of \$403,000 (20.6%) compared to the estimated net FY 2004. The DAS does not anticipate premiums to fluctuate in FY 2005 to the extent of FY 2004.



- **State Transportation Safety Program** – The Fiscal Services Division of the Legislative Services Agency has published an **Issue Review** entitled “Transportation Safety Program Funding,” which includes the following information. In calendar year 2003, the Federal Highway Administration began a campaign toward reducing major traffic injuries and fatalities, with the goal of reducing traffic fatalities nationally by 33.0% by 2008. Based on this initiative, additional infrastructure improvements and safety initiatives may be needed at the State and local level to meet the goal. The federal Transportation Equity Act of the 21<sup>st</sup> Century (TEA-21) is to be reauthorized on March 1, 2004. The Bill, as currently drafted, increases the amount obligated for safety programs and projects, from \$3.9 billion to \$8.6 billion, and provides for new incentive bonuses to reward states that achieve proven safety



results. The DOT asserts that the current Road Use Tax Fund allocation for the State Traffic Safety Improvement Program (approximately \$5.0 million annually) is not sufficient to meet the goal of the Federal Highway Administration, including the traffic safety needs of local governments. The General Assembly may wish to consider following the federal government's lead to provide additional funding for traffic safety by increasing the current Road Use Tax Fund allocation for the State Traffic Safety Improvement Program.

- **2.5% Across-the-Board Reduction** – Although the DOT has not received a General Fund appropriation since FY 2003 for the Rail Assistance Program and Aviation Assistance Program, the department maintains General Fund balances for each of the programs. The Governor's 2.5% reduction for FY 2004 reduces the General Fund balance for each of these programs, in addition to the standing appropriation for Public Transit Assistance, by a total of \$313,000 as detailed below:



◆ **Rail Assistance Program** – In FY 2004, the Rail Assistance Program had a beginning balance of \$1.4 million. The Governor's 2.5% across-the-board reduction for FY 2004 reduces the General Fund balance for the Program by \$65,000, for a remaining balance of \$1.4 million. The DOT may cover the reduction with a projected repayment from a default on a Rail Economic Development project.

◆ **Aviation Assistance Program** – In FY 2004, the Aviation Assistance Program had a beginning balance of \$2.6 million. The Governor's 2.5% across-the-board reduction for FY 2004 reduces the General Fund balance for the Aviation Assistance Program by \$36,000, for a remaining balance of \$2.6 million. Total costs incurred for projects may be reduced for state-funded aviation projects currently underway.

◆ **Public Transit Assistance Program** – Section 312.2(14), Code of Iowa, credits an amount equal to 1/20th of 80.0% of motor vehicle use tax receipts to the General Fund and appropriates this amount to the Department of Transportation for distribution to Iowa's 35 public transit systems from the General Fund. Motor vehicle use tax receipts designated for Public Transit Assistance were estimated to be \$11.1 million in FY 2004. House File 683 (FY 2004 Grow Iowa Values Fund Appropriations Act) reduced the standing appropriation for Public Transit Assistance by \$2.6 million, for an estimated standing appropriation of \$8.5 million. The General Fund retained the \$2.6 million. The Governor's 2.5% reduction decreases the FY 2004 standing appropriation for Public Transit Assistance by an additional \$212,000, for an estimated standing appropriation of \$8.3 million. Transit agencies may reduce services or increase fares at the local level to cover the reduction.



- FY 2005 – House File 2626 (FY 2003 Transportation Appropriations Act) eliminates the transfer of motor vehicle use tax receipts to the General Fund and the General Fund standing appropriation for Public Transit Assistance

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beginning in FY 2005. As a result, the motor vehicle use tax receipts will be allocated directly to the DOT for distribution to Public Transit agencies.

### Issue Reviews

The Fiscal Services Division of the Legislative Services Agency (LSA) completed the following two **Issue Reviews** during the 2003 legislative interim relating to transportation:

- [Road Use Tax Fund Revenue Update](#)
- [Traffic Safety Program Funding](#)

Copies of the **Issue Reviews** are available on the LSA web site:  
<http://staffweb.legis.state.ia.us/lfb>.

### Topic Presentations

The Fiscal Services Division of the LSA maintains and updates **Topic Presentations** available on the LSA web site. Presentations relating to transportation include:

- [Road Use Tax Fund](#)
- [Primary Road Fund](#)
- [The RISE \(Rebuild Iowa's Sound Economy\) Program](#)

Copies of the **Topic Presentations** are available on the LSA web site:  
<http://staffweb.legis.state.ia.us/lfb>.

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## FY 2005 CAPITAL PROJECT RECOMMENDATIONS

The Governor is recommending total appropriations of \$285.8 million to fund capital projects, environmental programs, and debt service payments on certain bonds for FY 2005. This includes \$73.6 million from the Restricted Capital Fund, \$25.6 million from the Rebuild Iowa Infrastructure Fund (RIIF), \$40.0 million from the Environment First Fund, and \$146.5 million from the Governor's proposed Capital Bonding Account. **Table 1** located at the end of this Subcommittee summary is a spreadsheet reflecting the Governor's recommendations for capital projects.

The above requests include \$18.6 million that were appropriated in prior legislative sessions. New capital project funding requests from all sources total \$267.2 million.



A new concept or funding included in the Governor's recommendation but not included in the department request, or the Governor's significant modification of a new concept or funding included in the department request, is preceded by the symbol, ❖.

### Significant Capital Project Requests

#### ► Department of Administrative Services

- ❖ \$62.0 million from the Capital Bonding Account for major maintenance improvements to State facilities under the purview of the Department of Administrative Services.
- ❖ \$9.7 million from the Capital Bonding Account for the renovation of the Records and Property Building to convert warehouse space into office space, which will house the Department of Public Safety. The General Assembly appropriated \$1.6 million in FY 2003 for planning and design and \$11.5 million in FY 2004 toward the renovation.
- ❖ \$7.2 million from the Capital Bonding Account for improvements to state facilities that bring them into compliance with the American with Disabilities Act (ADA) requirements.
- ✦ \$6.0 million from the Restricted Capital Fund for the third-year costs associated with the purchase and implementation of the Integrated Information for Iowa (I/3) System. The I/3 System is a computer system that will integrate data systems of State government including, human resources, payroll, benefits, electronic procurement, accounting, and budget. The Department was appropriated \$4.4 million in FY 2003 and \$ 6.1 million in FY 2004 for the System.
- ❖ \$4.0 million from the RIIF for costs associated with routine maintenance of State facilities. This is an increase of \$2.3 million compared to the funding for FY 2004.

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- ❖ \$4.0 million from the RIIF for the Pooled Technology Account. The Account is administered by the Information Technology Enterprise and provides centralized funding coordination for technology projects for State agencies. This is an increase of \$2.0 million compared to the funding for FY 2004.
- ✦ \$2.3 million from the RIIF for temporary lease costs, and moving expenses associated with the relocation of State employees on the Capitol Complex due to building renovations.

### ▶ **Department of Agriculture and Land Stewardship**

- ❖ \$5.5 million from the Environment First Fund to fund the Soil Conservation Cost Share Program. The Program provides financial resources to assist landowners with the application of structural and management practices to control soil erosion, maintain land productivity, and protect water quality. Maintains the current level of funding.
- ❖ \$2.7 million from the Environment First Fund for the Iowa Watershed Protection Program for project implementation, funding for development grants, and personnel to administer the Program. The Program is designed to accelerate the watershed protection efforts through water quality protection, flood control, and reduced soil erosion. Maintains the current level of funding.
- ❖ \$2.0 million from the Environment First Fund for the Conservation Reserve Program (CRP). The Program is designed to establish vegetative buffers, field borders, and wetlands on Iowa's private land in an effort to improve water quality and wildlife habitat. Maintains the current level of funding.
- ❖ \$1.5 million from the Environment First Fund for continued funding of the Conservation Reserve Enhancement Program (CREP). The Program is designed to protect floodplains and improve water quality from agricultural drainage systems. Maintains the current level of funding.

### ▶ **Department of Corrections**

- ❖ \$23.4 million from the Capital Bonding Account to complete the funding for the construction of a 170-bed special needs unit at the Iowa Medical and Classification Center at Oakdale. The Governor is also recommending the deappropriation of \$23.4 million (\$11.7 million for FY 2005 and \$11.7 million for FY 2006) from the Restricted Capital Fund. These funds were previously appropriated in HF 452 (FY 2004 Infrastructure Appropriations Act).
- ❖ \$10.5 million from the Capital Bonding Account to construct a new 120-bed community-based correctional facility including district offices in Davenport.



- ▶ **Department of Cultural Affairs** – \$930,000 from the RIIF for continued funding for the Historical Preservation Grant Program (\$830,000) and for the preservation of the Iowa Battle Flag collection (\$100,000).
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► **Department of Economic Development**

- ❖ \$5.0 million for continued funding of the Accelerated Career Education (ACE) Program. This is a decrease of \$500,000 compared to the total funding appropriated for the Program in FY 2004.
- ◆ \$800,000 from the RIIF for deposit in the Housing Trust Fund under the administration of the Iowa Finance Authority. The Housing Trust Fund is used to provide funding for the development and preservation of affordable housing for low-income people.
- ◆ \$500,000 from the Environment First Fund for the Brownfield Redevelopment Program. This Program provides technical and financial assistance for the acquisition, remediation or redevelopment of Brownfield sites. Maintains the current level of funding.

► **Department of Education**

- ❖ \$18.3 million from the Capital Bonding Account for the conversion of the public television transmitter sights and headquarters to digital transmission.
- ◆ \$2.7 million from the RIIF to pay the costs of maintenance and leases associated with the build-out of Part III of the Iowa Communications Network (ICN).
- ◆ \$1.0 million from the RIIF for the Enrich Iowa Libraries Program, which provides funding for structural and technological improvements for local libraries. This is an increase of \$400,000 compared to FY 2004.

► **Department of Natural Resources**

- ❖ \$11.0 million from the Environment First Fund for the Resources Enhancement and Protection (REAP) Fund. This recommendation maintains the current level of funding.
- ❖ \$5.0 million from the Environment First Fund for the Governor's Water Quality Summit Initiative. This is a new recommendation.
- ◆ \$3.0 million from the Restricted Capital Fund for continued funding of the Destination State Park. This recommendation maintains the current level of funding.
- ◆ \$3.0 million from the Environment First Fund for the establishment of water quality monitoring stations. This recommendation maintains the current level of funding.
- ◆ \$2.5 million from the Restricted Capital Fund for the construction of the Lewis and Clark Rural Water System. These funds were previously appropriated for FY 2005 in HF 2614 (FY 2003 Infrastructure Appropriations Act).
- ◆ \$2.3 million from the Environment First Fund for projects that meet the criteria under Section 452A.79, Code of Iowa, which pertains to the use of funds from



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the Marine Fuel Tax receipts. This recommendation maintains the current level of funding.

- ◆ \$2.0 million from the Environment First Fund for operation and maintenance of State park facilities. This recommendation maintains the current level of funding.



- ❖ \$1.0 million from the Environment First Fund for continued funding for the dredging of lakes in accordance with the Department's Classification of Iowa Lakes Restoration Report. This recommendation maintains the current level of funding.

### ► Department of Public Defense

- ◆ \$2.2 million from the RIIF for design and construction of readiness centers in Iowa City and Fort Dodge.
- ◆ \$1.3 million from the RIIF for maintenance and renovation projects at National Guard facilities.
- ◆ \$1.1 million from the RIIF for construction of an addition to the Boone Readiness Center.
- ◆ \$750,000 from the RIIF for the second year of funding for the design and construction of a National Guard Readiness Center located near Fort Dodge. These funds were previously appropriated for FY 2005 in SF 452 (FY 2004 Infrastructure Appropriations Act).

### ► Department of Public Safety

- ◆ \$1.0 million from the RIIF for costs associated with security of the Capitol and Judicial Buildings.
- ❖ \$550,000 from the RIIF for the lease purchase of a new Automated Fingerprint Information System (AFIS).
- ❖ \$500,000 from the RIIF for matching funds to upgrade the Iowa Online Warrants and Articles System, which connects to the National Crime information Center.
- ❖ \$500,000 from the RIIF for construction of regional fire training facilities.

### ► Board of Regents

- ❖ \$15.4 million from the Capital Bonding Account for major maintenance to facilities at the Regents institutions.
  - ◆ \$10.8 million from the Restricted Capital Fund and the RIIF to fund a portion of the FY 2005 Tuition Replacement. The tuition replacement appropriation is used to replace the student tuition fees that are used to pay the debt service on Academic Revenue Bonds authorized in prior fiscal years. The total amount required for Tuition Replacement in FY 2005 is \$23.8 million. The remainder of
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the Tuition Replacement (\$13.0 million) is being requested from the General Fund.

- ◆ \$9.9 million from the Restricted Capital Fund for the renovation of the Innovative Teaching Center at the University of Northern Iowa. These funds were previously appropriated for FY 2005 in HF 2614 (FY 2003 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$1.7 million for FY 2003 and \$6.5 million for FY 2004 for this project.



- ◆ \$3.6 million from the Restricted Capital Fund for construction of a new classroom facility to house the School of Journalism at the University of Iowa. These funds were previously appropriated for FY 2005 in HF 2614 (FY 2003 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$2.6 million for FY 2003 and \$7.2 million for FY 2004 for this project.

- ◆ \$1.9 million from the Restricted Capital Fund for renovation and improvements to Iowa State University's classrooms and auditoriums. These funds were previously appropriated for FY 2005 in HF 2614 (FY 2003 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$2.1 million for FY 2003 and \$10.2 million for FY 2004 for this project.

### ▶ Department of Transportation

- ◆ \$1.7 million from the Restricted Capital Fund for continued funding of infrastructure improvements at Iowa's publicly owned airports. The request includes \$1.1 million for the Commercial Service Airport Program and \$581,000 for the Aviation Hangar Grant Program.



- ◆ \$500,000 from the RIIF to fund the State Aviation Assistance Program.

### ▶ Treasurer of State

- ◆ \$13.0 million from the Restricted Capital Fund for the FY 2004 debt service payment on the ICN bonds.

- ◆ \$5.4 million from the Restricted Capital Fund for the FY 2004 debt service payment on the prison infrastructure bonds.



- ❖ \$10.0 million from the Restricted Capital Fund for continued funding of the Community Attraction and Tourism Development Fund.

- ◆ \$1.1 million from the Restricted Capital Fund to provide funds for county fair societies to be used for infrastructure improvements.

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### Issues

The Transportation, Capitals, and Infrastructure Appropriations Subcommittee may wish to examine the following issues pertaining to capital projects.

- ❖ **Proposed Capital Bonding Account** – The Governor is recommending issuing \$300.0 million in bonds and depositing the proceeds into a Capital Bonding Account. The Account will be used to Fund projects associated with economic development and capital improvements. The Governor is using this funding source to appropriate \$146.5 million for capital projects and \$150.0 million for two economic development programs (Vision Iowa Grants: \$100.0 million and the Cultural and Tourism Grant Program: \$50.0 million). The Governor recommending using State Wagering Tax revenue for the repayment of the bonds.
  
  - ▶ **Availability of FY 2005 Infrastructure Funds** – The General Assembly will have approximately \$9.0 million available from the Restricted Capital Fund to appropriate for new capital projects for FY 2005. There are several projects that received partial funding in FY 2004 that will likely require funding in FY 2005, which will further reduce the amount available for appropriation. These projects include:
    - ✦ Iowa Public Television Transmitter Conversion – Iowa Public Television was required by the Federal Communications Commission (FCC) to have the broadcasts converted to high-definition by May 1, 2003, and maintain dual broadcast modes until 85.0% of the homes in the broadcast area have the ability to receive digital signal. Stations are required to simulcast their broadcasts through FY 2006. The total cost of the transmission and content creation infrastructure is estimated at \$42.0 million. Iowa Public Television estimates receiving \$2.0 million from federal sources. The total State cost is estimated at \$39.9 million. From FY 1999 to FY 2004, the Department has received total State funding of \$21.9 million. Iowa Public Television will require \$18.0 million in FY 2005 to complete the conversion. *The Governor is recommending funding this project through the Capital Bonding Account.*
  
    - ✦ Integrated Information for Iowa System (I/3)– The General Assembly appropriated \$4.4 million for FY 2003 and \$6.1 million for FY 2004 to begin the development of the System. An additional \$6.1 million will be needed in FY 2005 to complete the funding for the project. *The Governor is recommending funding this project through the Capital Bonding Account.*
  
    - ✦ Capitol Restoration – Estimates provided by the Department of Administrative Services indicate that \$23.6 million will be needed to complete the restoration of the interior and exterior of the Capitol Building. This includes: \$16.5 million for interior restoration, \$5.4 million for site improvements surrounding the Capitol Building, \$909,000 for restoration of the Law Library, and \$791,000 for exterior
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stone restoration. *The Governor did not recommend funding for the Capitol Restoration.*

- ▶ **FY 2004 RIF Funding Shortfall** – The RIF is projecting a budget deficit of \$29.3 million for FY 2004 due to the Supreme Court decision that reduced the tax rate on the State’s racetrack establishments from 32.0% to 20.0% on the tracks’ adjusted gross receipts. The ruling concluded that the wagering tax rate on racetracks is a violation of their equal protection rights under both the Federal Constitution and the Iowa Constitution. The tax rate reduction was effective on June 12, 2002. The decision resulted in a revenue reduction of \$40.0 million to the RIF for FY 2003 and an estimated reduction of \$46.4 million for FY 2004 and \$50.0 million in FY 2005. The United States Supreme Court overturned the Iowa Supreme Court’s decision as it related to the equal protection clause in the Federal Constitution. The case was remanded back to the Iowa Supreme Court for a review of the ruling as it relates to the equal protection clause in the State Constitution. The Iowa Supreme Court ruling is still pending. 
- ▶ **Wallace Building Demolition** – The General Assembly appropriated \$50,000 to the Department of Administrative Services to conduct a study related to vacating and demolishing the Wallace State Office Building. The study has raised concern by the Capitol Planning Commission in that it doesn’t allow for the review of the cost to renovate the building. The Department is requesting \$500,000 for FY 2005 for programming and preliminary design for replacement of the Wallace Building including the planning and relocation of occupants of the Building.
- ▶ **Vertical Infrastructure Advisory Committee** – Review of the Strategic Plan and funding recommendations of the Governor’s Vertical Infrastructure Advisory Committee. The Plan will be finalized in December 2003.

### Topic Presentations

The Fiscal Services Division of the LSA maintains and updates **Topic Presentations** available on the LSA web site. Presentations relating to capitals and infrastructure include:

- ▶ [Rebuild Iowa Infrastructure Fund](#)

Copies of the **Topic Presentation** are available on the LSA website.

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## Capital Project Appropriation Requests and Recommendations

|  | Estimated FY 2004    |                | Department Requests FY 2005 |                | Governor's Recomm. FY 2005 |                |
|--|----------------------|----------------|-----------------------------|----------------|----------------------------|----------------|
|  | Approp.              | Funding Source | Approp.                     | Funding Source | Approp.                    | Funding Source |
| <b>Administrative Services</b>               |                      |                |                             |                |                            |                |
| Statewide Routine Maintenance                | \$ 1,664,000         | RIIF           | \$ 19,710,000               | RIIF           | \$ 4,000,000               | RIIF           |
| Major Maintenance                            | 11,500,000           | RCF            | 17,535,000                  | RCF            | 62,000,000                 | Bonding        |
| ADA Improvement                              | 0                    |                | 0                           |                | 7,239,605                  | Bonding        |
| Records & Property Bldg. Renovation          | 4,750,000            | RIIF           | 9,700,000                   | RCF            | 9,700,000                  | Bonding        |
| Capitol Interior Restoration                 | 6,239,000            | RCF            | 9,160,000                   | RCF            | 0                          |                |
| Integrated Information for Iowa (I/3) System | 6,131,075            | RCF            | 6,049,284                   | RCF            | 6,049,284                  | RCF            |
| Temporary Lease/Employee Relocation          | 631,449              | RIIF           | 2,271,617                   | RIIF           | 2,271,617                  | RIIF           |
| Parking Lot 8 Design & Removal               | 0                    |                | 2,040,000                   | RCF            | 0                          |                |
| Court Avenue Bridge                          | 0                    |                | 1,250,000                   | RCF            | 0                          |                |
| Capitol Building Exterior Restoration        | 0                    |                | 570,000                     | RIIF           | 0                          |                |
| Cap. Complex Parking Lots & Sidewalk Repairs | 0                    |                | 500,000                     | RCF            | 0                          |                |
| Capitol Complex Utility Tunnel Repair        | 0                    |                | 500,000                     | RCF            | 0                          |                |
| Wallace Building Demolition                  | 0                    |                | 500,000                     | RCF            | 0                          |                |
| Property Acquisition & Site Development      | 0                    |                | 350,000                     | RCF            | 0                          |                |
| Lucas/Capitol Tunnel Repair                  | 0                    |                | 250,000                     | RCF            | 0                          |                |
| Capitol Complex Metering                     | 0                    |                | 250,000                     | RCF            | 0                          |                |
| Laboratory Facility - Routine Maintenance    | 0                    |                | 160,000                     | RIIF           | 160,000                    | RIIF           |
| State Laboratory Facility                    | 16,660,000           | RCF            | 0                           |                | 0                          |                |
| Pooled Technology                            | 2,000,000            | RIIF           | 0                           |                | 4,000,000                  | RIIF           |
| Records Relocation                           | 729,237              | RIIF           | 0                           |                | 0                          |                |
| African American Museum                      | 300,000              | RIIF           | 0                           |                | 0                          |                |
| Medical & Education Building                 | 250,000              | RIIF           | 0                           |                | 0                          |                |
| Wallace Building Demolition Planning         | 50,000               | RIIF           | 0                           |                | 0                          |                |
| <b>Total</b>                                 | <b>\$ 50,904,761</b> |                | <b>\$ 70,795,901</b>        |                | <b>\$ 95,420,506</b>       |                |
| <b>Agriculture and Land Stewardship</b>      |                      |                |                             |                |                            |                |
| Soil Conservation Cost Share-EFF             | \$ 5,500,000         | EFF            | \$ 8,500,000                | EFF            | \$ 5,500,000               | EFF            |
| Watershed Protection Program                 | 2,700,000            | EFF            | 5,400,000                   | EFF            | 2,700,000                  | EFF            |
| Conservation Reserve Program (CRP)           | 2,000,000            | EFF            | 3,000,000                   | EFF            | 2,000,000                  | EFF            |
| Conservation Reserve Enhancement (CREP)      | 1,500,000            | EFF            | 3,000,000                   | EFF            | 1,500,000                  | EFF            |
| Agriculture Drainage Wells                   | 500,000              | EFF            | 2,500,000                   | EFF            | 500,000                    | EFF            |
| Farm Demonstration Program                   | 850,000              | EFF            | 1,500,000                   | EFF            | 850,000                    | EFF            |
| Loess Hills Conservation Authority           | 600,000              | EFF            | 600,000                     | EFF            | 600,000                    | EFF            |
| So. Iowa Conservation & Dev. Authority       | 300,000              | EFF            | 300,000                     | EFF            | 300,000                    | EFF            |
| <b>Total</b>                                 | <b>\$ 13,950,000</b> |                | <b>\$ 24,800,000</b>        |                | <b>\$ 13,950,000</b>       |                |

## Capital Project Appropriation Requests and Recommendations

|   | Estimated FY 2004    |                | Department Requests FY 2005 |                | Governor's Recomm. FY 2005 |                |
|---|----------------------|----------------|-----------------------------|----------------|----------------------------|----------------|
|   | Approp.              | Funding Source | Approp.                     | Funding Source | Approp.                    | Funding Source |
| <b>Blind, Dept. of</b>                          |                      |                |                             |                |                            |                |
| Orientation Center Improvements                 | \$ 0                 |                | \$ 67,000                   | RCF            | \$ 67,000                  | RCF            |
| <b>Corrections</b>                              |                      |                |                             |                |                            |                |
| Major Maintenance                               | \$ 0                 |                | \$ 52,576,295               | RIIF           | \$ 0                       |                |
| Oakdale Expansion                               | 7,500,000            | RCF            | 11,700,000 <sup>1</sup>     | RCF            | 23,400,000                 | Bonding        |
| Davenport CBC Residential Facility              | 0                    |                | 10,500,000                  | RCF            | 10,500,000                 | Bonding        |
| Fort Dodge CBC Residential Facility             | 0                    |                | 3,900,000                   | RCF            | 0                          |                |
| Anamosa Dietary Renovation                      | 0                    |                | 3,380,000                   | RCF            | 0                          |                |
| Mitchellville Water Treatment Improvements      | 0                    |                | 636,000                     | RCF            | 0                          |                |
| Ft. Madison Electrical System Upgrade Lease     | 333,168              | RIIF           | 333,168                     | RIIF           | 333,168                    | RIIF           |
| Clarinda Bed Expansion                          | 730,400              | RIIF           | 0                           |                | 0                          |                |
| Luster Heights Expansion                        | 92,000               | RIIF           | 0                           |                | 0                          |                |
| <b>Total</b>                                    | <b>\$ 8,655,568</b>  |                | <b>\$ 83,025,463</b>        |                | <b>\$ 34,233,168</b>       |                |
| <b>Cultural Affairs</b>                         |                      |                |                             |                |                            |                |
| Historical Preservation Grant Program           | \$ 830,000           | RIIF           | \$ 830,000                  | RIIF           | \$ 830,000                 | RIIF           |
| Battle Flag Preservation                        | 150,000              | RIIF           | 100,000                     | RIIF           | 100,000                    | RIIF           |
| State Historical Society - Medal of Honor Kiosk | 125,000              | RIIF           | 0                           |                | 0                          |                |
| <b>Total</b>                                    | <b>\$ 1,105,000</b>  |                | <b>\$ 930,000</b>           |                | <b>\$ 930,000</b>          |                |
| <b>Economic Development</b>                     |                      |                |                             |                |                            |                |
| Accelerated Career Ed. (ACE) Program            | \$ 2,500,000         | RCF            | \$ 2,500,000                | RCF            | \$ 5,000,000               | RCF            |
| Accelerated Career Ed. (ACE) Program            | 3,000,000            | RIIF           | 3,000,000                   | RIIF           | 0                          |                |
| Local Housing Assistance Program                | 800,000              | RIIF           | 800,000                     | RIIF           | 800,000                    | RIIF           |
| Brownfield Redevelopment Fund                   | 500,000              | EFF            | 500,000                     | EFF            | 500,000                    | EFF            |
| <b>Total</b>                                    | <b>\$ 6,800,000</b>  |                | <b>\$ 6,800,000</b>         |                | <b>\$ 6,300,000</b>        |                |
| <b>Education</b>                                |                      |                |                             |                |                            |                |
| IPTV - HDTV Conversion                          | \$ 10,000,000        | RCF            | \$ 18,000,000               | RCF            | \$ 18,300,000              | Bonding        |
| ICN Part III & Maintenance & Leases             | 2,727,000            | RIIF           | 2,727,000                   | RIIF           | 2,727,000                  | RIIF           |
| Public Libraries - Enrich Iowa Program          | 600,000              | RIIF           | 600,000                     | RIIF           | 1,000,000                  | RIIF           |
| Parker Building Remodel                         | 0                    |                | 303,632                     | RIIF           | 303,632                    | RIIF           |
| IPTV - Waterloo Analog Transmitter              | 0                    |                | 300,000                     | RCF            | 0                          |                |
| <b>Total</b>                                    | <b>\$ 13,327,000</b> |                | <b>\$ 21,930,632</b>        |                | <b>\$ 22,330,632</b>       |                |

## Capital Project Appropriation Requests and Recommendations

|                                     | Estimated FY 2004    |                | Department Requests FY 2005 |                | Governor's Recomm. FY 2005 |                |
|-------------------------------------|----------------------|----------------|-----------------------------|----------------|----------------------------|----------------|
|                                     | Approp.              | Funding Source | Approp.                     | Funding Source | Approp.                    | Funding Source |
| <b>Human Services</b>               |                      |                |                             |                |                            |                |
| Facility Maintenance                | \$ 0                 |                | \$ 9,240,114                | RCF            | \$ 0                       |                |
| Routine Maintenance                 | 0                    |                | 5,243,177                   | RCF            | 0                          |                |
| Health & Safety Improvements        | 0                    |                | 4,183,368                   | RCF            | 0                          |                |
| Major Capital Projects              | 0                    |                | 1,970,000                   | RCF            | 0                          |                |
| ADA Improvements                    | <u>0</u>             |                | <u>1,617,000</u>            | RCF            | <u>0</u>                   |                |
| <b>Total</b>                        | <b>\$ 0</b>          |                | <b>\$ 22,253,659</b>        |                | <b>\$ 0</b>                |                |
| <b>Natural Resources</b>            |                      |                |                             |                |                            |                |
| REAP Program                        | \$ 11,000,000        | EFF            | \$ 15,000,000               | EFF            | \$ 11,000,000              | EFF            |
| Water Summit Initiative             | 0                    |                | 0                           |                | 5,000,000                  | EFF            |
| Lake Dredging                       | 1,000,000            | EFF            | 5,000,000                   | EFF            | 1,000,000                  | EFF            |
| Destination State Park Construction | 3,000,000            | RCF            | 3,000,000                   | RCF            | 3,000,000                  | RCF            |
| Water Quality Monitoring Stations   | 2,955,000            | EFF            | 2,955,000                   | EFF            | 2,955,000                  | EFF            |
| Restore the Outdoors Program        | 2,500,000            | RCF            | 2,500,000                   | RCF            | 0                          |                |
| Lewis and Clark Rural Water System  | 1,500,000            | RCF            | 2,450,000 <sup>1</sup>      | RCF            | 2,450,000 <sup>1</sup>     | RCF            |
| Marine Fuel Tax Capital Projects    | 2,300,000            | EFF            | 2,300,000                   | EFF            | 2,300,000                  | EFF            |
| Park Operations and Maintenance     | 2,000,000            | EFF            | 2,000,000                   | EFF            | 2,000,000                  | EFF            |
| Air Quality Monitoring Equipment    | 500,000              | EFF            | 500,000                     | EFF            | 500,000                    | EFF            |
| Water Quality Protection            | 500,000              | EFF            | 500,000                     | EFF            | 500,000                    | EFF            |
| GIS Information for Watersheds      | 195,000              | EFF            | 195,000                     | EFF            | 195,000                    | EFF            |
| Volunteers and Keepers of Land      | <u>100,000</u>       | EFF            | <u>100,000</u>              | EFF            | <u>100,000</u>             | EFF            |
| <b>Total</b>                        | <b>\$ 27,550,000</b> |                | <b>\$ 36,500,000</b>        |                | <b>\$ 31,000,000</b>       |                |
| <b>Public Defense</b>               |                      |                |                             |                |                            |                |
| Iowa City Readiness Center          | \$ 195,000           | RIIF           | \$ 3,246,000                | RIIF           | \$ 2,150,000               | RIIF           |
| Facility Maintenance                | 1,269,636            | RCF            | 1,269,636                   | RCF            | 1,269,636                  | RIIF           |
| Boone Armory Addition               | 1,095,000            | RCF            | 1,096,000                   | RCF            | 1,096,000                  | RIIF           |
| Fort Dodge Readiness Centers        | 750,000              | RIIF           | 750,000 <sup>1</sup>        | RIIF           | 750,000 <sup>1</sup>       | RIIF           |
| Estherville Readiness Center        | <u>461,000</u>       | RCF            | <u>0</u>                    |                | <u>0</u>                   |                |
| <b>Total</b>                        | <b>\$ 3,770,636</b>  |                | <b>\$ 6,361,636</b>         |                | <b>\$ 5,265,636</b>        |                |

## Capital Project Appropriation Requests and Recommendations

|   | Estimated FY 2004    |                | Department Requests FY 2005 |                | Governor's Recomm. FY 2005 |                |
|---|----------------------|----------------|-----------------------------|----------------|----------------------------|----------------|
|   | Approp.              | Funding Source | Approp.                     | Funding Source | Approp.                    | Funding Source |
| <b>Public Safety</b>                        |                      |                |                             |                |                            |                |
| Capitol Complex Security Upgrades           | \$ 1,000,000         | RCF            | \$ 1,000,000                | RCF            | \$ 1,000,000               | RIIF           |
| AFIS Lease Purchase                         | 0                    |                | 0                           |                | 550,000                    | RIIF           |
| Iowa System Grant Match                     | 0                    |                | 0                           |                | 500,000                    | RIIF           |
| Capitol Building Security                   | 800,000              | RIIF           | 800,000                     | RIIF           | 0                          |                |
| Fire Equipment Revolving Loan Fund          | 500,000              | RIIF           | 0                           |                | 0                          |                |
| Fire Training Facilities                    | 50,000               | RIIF           | 0                           |                | 500,000                    | RIIF           |
| <b>Total</b>                                | <b>\$ 2,350,000</b>  |                | <b>\$ 1,800,000</b>         |                | <b>\$ 2,550,000</b>        |                |
| <b>Regents</b>                              |                      |                |                             |                |                            |                |
| SUI - Chemistry Building Renovation         | \$ 0                 |                | \$ 20,400,000               | RCF            | \$ 0                       |                |
| ISU - Veterinary Lab                        | 0                    |                | 14,450,000                  | RCF            | 0                          |                |
| UNI - Physic Building/McCollum Hall         | 0                    |                | 11,100,000                  | RCF            | 0                          |                |
| Tuition Replacement-RCF                     | 10,610,409           | RCF            | 10,437,174                  | RCF            | 10,437,174                 | RCF            |
| UNI - Teaching Center Bldg. (East Gym)      | 6,490,000            | RCF            | 9,880,000 <sup>1</sup>      | RCF            | 9,880,000 <sup>1</sup>     | RCF            |
| Deferred Maintenance                        | 0                    |                | 9,000,000                   | RCF            | 0                          |                |
| ISU - Coover Hall - Electrical Engineering  | 0                    |                | 5,950,000                   | RCF            | 0                          |                |
| UNI - Electrical Distribution System        | 0                    |                | 3,600,000                   | RCF            | 0                          |                |
| SUI - Journalism Building                   | 7,200,000            | RCF            | 3,575,000 <sup>1</sup>      | RCF            | 3,575,000 <sup>1</sup>     | RCF            |
| Major Maintenance/Fire Safety Improvements  | 0                    |                | 2,000,000                   | RCF            | 15,404,100                 | Bonding        |
| ISU - Classrooms & Auditoriums              | 10,177,300           | RCF            | 1,949,100 <sup>1</sup>      | RCF            | 1,949,100 <sup>1</sup>     | RCF            |
| Special School, Lakeside Lab, Maintenance   | 0                    |                | 1,040,000                   | RCF            | 0                          |                |
| Tuition Replacement-RIIF                    | 350,000              | RIIF           | 700,000                     | RIIF           | 391,804                    | RIIF           |
| UNI - Steam Distribution                    | 4,390,000            | RCF            | 0                           |                | 0                          |                |
| SUI - Art Building                          | 3,653,000            | RCF            | 0                           |                | 0                          |                |
| UNI - Playground Safety Program             | 500,000              | RIIF           | 0                           |                | 0                          |                |
| School for the Deaf - Girls Dormitory Impr. | 100,000              | RIIF           | 0                           |                | 0                          |                |
| IBSSS - Facility Improvements               | 100,000              | RIIF           | 0                           |                | 0                          |                |
| SUI - Old Capitol Building Restoration      | 350,000              | RCF            | 0                           |                | 0                          |                |
| <b>Total</b>                                | <b>\$ 43,920,709</b> |                | <b>\$ 94,081,274</b>        |                | <b>\$ 41,637,178</b>       |                |
| <b>State Fair Authority</b>                 |                      |                |                             |                |                            |                |
| Capital Improvements                        | \$ 500,000           | RCF            | \$ 1,000,000                | RCF            | \$ 0                       |                |

## Capital Project Appropriation Requests and Recommendations

|  | Estimated FY 2004     |                | Department Requests FY 2005 |                | Governor's Recomm. FY 2005 |                |
|--|-----------------------|----------------|-----------------------------|----------------|----------------------------|----------------|
|  | Approp.               | Funding Source | Approp.                     | Funding Source | Approp.                    | Funding Source |
| <b>Transportation</b>                    |                       |                |                             |                |                            |                |
| DOT - Commercial Aviation Infrastructure | \$ 1,100,000          | RCF            | \$ 1,100,000                | RCF            | \$ 1,100,000               | RCF            |
| DOT - Recreational Trails                | 1,000,000             | RCF            | 1,000,000                   | RCF            | 0                          |                |
| DOT - General Aviation Airport Grants    | 581,400               | RCF            | 581,400                     | RCF            | 581,400                    | RCF            |
| DOT - Aviation Improvement Program       | 500,000               | RIIF           | 500,000                     | RIIF           | 500,000                    | RIIF           |
| <b>Total</b>                             | <b>\$ 3,181,400</b>   |                | <b>\$ 3,181,400</b>         |                | <b>\$ 2,181,400</b>        |                |
| <b>Treasurer of State</b>                |                       |                |                             |                |                            |                |
| ICN Debt Service                         | \$ 13,039,378         | RCF            | \$ 13,359,555               | RCF            | \$ 13,039,778              | RCF            |
| Community Attraction/Tourism             | 12,500,000            | RCF            | 12,500,000                  | RCF            | 10,000,000                 | RCF            |
| Prison Debt Service                      | 5,411,986             | RCF            | 5,185,576                   | RCF            | 5,413,324                  | RCF            |
| County Fairs Improvements                | 1,060,000             | RCF            | 1,060,000                   | RCF            | 1,060,000                  | RCF            |
| Attorney Litigation Payments             | 700,000               | RCF            | 0                           |                | 0                          |                |
| <b>Total</b>                             | <b>\$ 32,711,364</b>  |                | <b>\$ 32,105,131</b>        |                | <b>\$ 29,513,102</b>       |                |
| <b>Veterans Affairs</b>                  |                       |                |                             |                |                            |                |
| Veterans Home Capital Projects           | \$ 0                  |                | \$ 1,105,990                | RIIF           | \$ 400,000                 | RIIF           |
| <b>Grand Total</b>                       | <b>\$ 208,726,438</b> |                | <b>\$ 406,738,086</b>       |                | <b>\$ 285,778,622</b>      |                |
| <b>Totals By Funding Source</b>          |                       |                |                             |                |                            |                |
| Environment First (EFF)                  | \$ 35,000,000         |                | \$ 53,850,000               |                | \$ 40,000,000              |                |
| Rebuild Iowa Infrastructure Fund (RIIF)  | 23,607,254            |                | 91,083,702                  |                | 25,632,857                 |                |
| Capitals Bonding Account (Bonding)       | 0                     |                | 0                           |                | 146,543,705                |                |
| Restricted Capital Fund (RCF)            | 150,119,184           |                | 261,804,384                 |                | 73,602,060                 |                |
| <b>Total</b>                             | <b>\$ 208,726,438</b> |                | <b>\$ 406,738,086</b>       |                | <b>\$ 285,778,622</b>      |                |

<sup>1</sup> Indicates an FY 2005 appropriation enacted in a prior legislative session.

## Summary Data

### General Fund

|                               | Actual<br>FY 2003       | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005      | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|-------------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------------|-------------------|
|                               | (1)                     | (2)                      | (3)                     | (4)                     | (5)                           | (6)               |
| Administration and Regulation | \$ 79,580,535           | \$ 94,351,759            | \$ 87,427,751           | \$ 92,440,211           | \$ -1,911,548                 | -2.0%             |
| Ag. and Natural Resources     | 31,918,419              | 34,207,655               | 36,047,987              | 34,207,655              | 0                             | 0.0%              |
| Economic Development          | 24,944,069              | 22,494,927               | 23,038,648              | 46,247,784              | 23,752,857                    | 105.6%            |
| Education                     | 851,407,510             | 880,399,086              | 914,339,413             | 933,605,487             | 53,206,401                    | 6.0%              |
| Health and Human Services     | 825,611,775             | 750,452,349              | 777,939,681             | 838,170,240             | 87,717,891                    | 11.7%             |
| Justice System                | 469,291,385             | 503,101,642              | 511,267,122             | 521,441,780             | 18,340,138                    | 3.6%              |
| Trans., Infra., and Capitals  | 0                       | -100,751                 | 0                       | 0                       | 100,751                       | -100.0%           |
| Unassigned Standing           | <u>2,251,599,093</u>    | <u>2,206,196,262</u>     | <u>2,331,666,429</u>    | <u>2,304,947,613</u>    | <u>98,751,351</u>             | 4.5%              |
| Grand Total                   | <u>\$ 4,534,352,786</u> | <u>\$ 4,491,102,929</u>  | <u>\$ 4,681,727,031</u> | <u>\$ 4,771,060,770</u> | <u>\$ 279,957,841</u>         | 6.2%              |

Column Explanations:

- (1) Actual FY 2003 - The FY 2003 appropriations.
- (2) Estimated Net FY 2004 - FY 2004 legislative action adjusted by salary adjustment, deappropriations, supplemental appropriations, and across-the-board reductions.
- (3) Dept. Request FY 2005 - The amount of funding State agencies are requesting for FY 2005.
- (4) Gov. Rec. FY 2005 - The amount of funding being recommended by the Governor for FY 2005.
- (5) Gov. Rec. vs. FY 2004 - Column 4 minus column 2.
- (6) Percent Change - The percent of change between the FY 2005 Governor's recommendation and Estimated Net FY 2004.

# Administration and Regulation

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Administrative Services, Dept. of</u></b> |                                 |  |                                       |                                  |   |                                 |
| Utilities                                       | \$ 0                            | \$ 0                                   | \$ 1,862,923                          | \$ 2,576,000                     | \$ 2,576,000                                |                                 |
| Terrace Hill Operations                         | 0                               | 0                                      | 242,308                               | 0                                | 0   |                                 |
| Distribution Account                            | 0                               | 0                                      | 0                                     | 10,802,911                       | 10,802,911                                  |                                 |
| Dept. of Administrative Serv.                   | 0                               | 17,466,746                             | 15,800,932                            | 6,514,351                        | -10,952,395                                 | -62.7%                          |
| <b>Total Administrative Services, Dept. of</b>  | <b>\$ 0</b>                     | <b>\$ 17,466,746</b>                   | <b>\$ 17,906,163</b>                  | <b>\$ 19,893,262</b>             | <b>\$ 2,426,516</b>                         | <b>13.9%</b>                    |
| <b><u>Auditor of State</u></b>                  |                                 |  |                                       |                                  |   |                                 |
| Auditor of State - Gen. Office                  | \$ 1,052,565                    | \$ 1,144,755                           | \$ 1,092,435                          | \$ 1,144,755                     | \$ 0  | 0.0%                            |
| <b><u>Ethics and Campaign Disclosure</u></b>    |                                 |  |                                       |                                  |   |                                 |
| Ethics and Campaign Disclosure                  | \$ 400,707                      | \$ 411,296                             | \$ 421,661                            | \$ 411,296                       | \$ 0  | 0.0%                            |
| <b><u>Commerce, Department of</u></b>           |                                 |  |                                       |                                  |   |                                 |
| Insurance - Actuarial Study                     | \$ 0                            | \$ 14,625                              | \$ 0                                  | \$ 0                             | \$ -14,625                                  | -100.0%                         |
| Alcoholic Beverages                             | 1,758,916                       | 1,876,497                              | 1,876,497                             | 1,876,497                        | 0   | 0.0%                            |
| Banking Division                                | 5,888,397                       | 6,344,805                              | 6,503,125                             | 6,344,805                        | 0   | 0.0%                            |
| Credit Union Division                           | 1,251,595                       | 1,377,364                              | 1,411,590                             | 1,377,364                        | 0   | 0.0%                            |
| Insurance Division                              | 3,677,893                       | 3,850,498                              | 3,947,362                             | 3,850,498                        | 0   | 0.0%                            |
| Professional Licensing                          | 730,027                         | 855,512                                | 877,042                               | 855,512                          | 0   | 0.0%                            |
| Utilities Division                              | 6,692,685                       | 6,877,319                              | 7,051,097                             | 6,877,319                        | 0   | 0.0%                            |
| <b>Total Commerce, Department of</b>            | <b>\$ 19,999,513</b>            | <b>\$ 21,196,620</b>                   | <b>\$ 21,666,713</b>                  | <b>\$ 21,181,995</b>             | <b>\$ -14,625</b>                           | <b>-0.1%</b>                    |
| <b><u>General Services, Dept. of</u></b>        |                                 |  |                                       |                                  |   |                                 |
| DGS Administration & Property                   | \$ 5,142,294                    | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |
| Terrace Hill Operations                         | 230,260                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| Rental Space                                    | 846,770                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| Utilities                                       | 1,817,095                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total General Services, Dept. of</b>         | <b>\$ 8,036,419</b>             | <b>\$ 0</b>                            | <b>\$ 0</b>                           | <b>\$ 0</b>                      | <b>\$ 0</b>                                 |                                 |

# Administration and Regulation

## General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Information Technology, Dept. of</u></b>   |                                 |  |                                       |                                  |   |                                 |
| ITD Operations                                   | \$ 2,909,748                    | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |
| <b><u>Governor</u></b>                           |                                 |  |                                       |                                  |   |                                 |
| General Office                                   | \$ 1,239,499                    | \$ 1,536,949                           | \$ 1,575,650                          | \$ 1,536,949                     | \$ 0  | 0.0%                            |
| Terrace Hill Quarters                            | 98,059                          | 106,588                                | 109,225                               | 343,149                          | 236,561                                     | 221.9%                          |
| Admin Rules Coordinator                          | 128,880                         | 136,458                                | 139,880                               | 136,458                          | 0   | 0.0%                            |
| Natl Governors Association                       | 64,393                          | 64,393                                 | 64,393                                | 64,393                           | 0   | 0.0%                            |
| State-Federal Relations                          | 104,188                         | 111,236                                | 114,052                               | 111,236                          | 0   | 0.0%                            |
| <b>Total Governor</b>                            | <b>\$ 1,635,019</b>             | <b>\$ 1,955,624</b>                    | <b>\$ 2,003,200</b>                   | <b>\$ 2,192,185</b>              | <b>\$ 236,561</b>                           | <b>12.1%</b>                    |
| <b><u>Gov. Office of Drug Control Policy</u></b> |                                 |  |                                       |                                  |   |                                 |
| Drug Policy Coordinator                          | \$ 255,104                      | \$ 254,386                             | \$ 260,859                            | \$ 254,386                       | \$ 0  | 0.0%                            |
| <b><u>Human Rights, Department of</u></b>        |                                 |  |                                       |                                  |   |                                 |
| Administration                                   | \$ 249,368                      | \$ 264,102                             | \$ 270,709                            | \$ 264,102                       | \$ 0  | 0.0%                            |
| Deaf Services                                    | 306,147                         | 362,710                                | 371,520                               | 362,710                          | 0   | 0.0%                            |
| Persons with Disabilities                        | 168,899                         | 184,971                                | 189,553                               | 184,971                          | 0   | 0.0%                            |
| Division of Latino Affairs                       | 151,328                         | 166,718                                | 170,847                               | 166,718                          | 0   | 0.0%                            |
| Status of Women                                  | 325,255                         | 329,530                                | 337,918                               | 329,530                          | 0   | 0.0%                            |
| Status of African Americans                      | 121,329                         | 118,296                                | 121,329                               | 118,296                          | 0   | 0.0%                            |
| Criminal & Juvenile Justice                      | 359,583                         | 403,774                                | 413,777                               | 403,774                          | 0   | 0.0%                            |
| <b>Total Human Rights, Department of</b>         | <b>\$ 1,681,909</b>             | <b>\$ 1,830,101</b>                    | <b>\$ 1,875,653</b>                   | <b>\$ 1,830,101</b>              | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b><u>Inspections &amp; Appeals, Dept of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Inspections and Appeals</b>                   |                                 |  |                                       |                                  |   |                                 |
| Administration Division                          | \$ 696,624                      | \$ 737,533                             | \$ 756,067                            | \$ 737,533                       | \$ 0  | 0.0%                            |
| Administrative Hearings Div.                     | 460,682                         | 614,114                                | 628,718                               | 614,114                          | 0   | 0.0%                            |
| Investigations Division                          | 1,342,896                       | 1,407,295                              | 1,442,730                             | 1,407,295                        | 0   | 0.0%                            |

# Administration and Regulation

## General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Inspections &amp; Appeals, Dept of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Inspections and Appeals (cont.)</b>                   |                                 |  |                                       |                                  |   |                                 |
| Health Facilities Div.                                   | 2,220,789                       | 2,276,836                              | 2,334,456                             | 2,276,836                        | 0   | 0.0%                            |
| Inspections Division                                     | 740,489                         | 751,557                                | 770,647                               | 751,557                          | 0   | 0.0%                            |
| Employment Appeal  | 33,336                          | 35,215                                 | 36,101                                | 35,215                           | 0   | 0.0%                            |
| Foster Care Review                                       | 1,669,157                       | 1,752,780                              | 1,796,857                             | 1,752,780                        | 0   | 0.0%                            |
| <b>Total Inspections and Appeals</b>                     | <b>7,163,973</b>                | <b>7,575,330</b>                       | <b>7,765,576</b>                      | <b>7,575,330</b>                 | <b>0</b>                                    | <b>0.0%</b>                     |
| <b>Racing Commission</b>                                 |                                 |  |                                       |                                  |   |                                 |
| Pari-mutuel Regulation                                   | 2,112,764                       | 2,201,453                              | 2,256,594                             | 2,201,453                        | 0   | 0.0%                            |
| Excursion Boat Gambling Reg.                             | 1,563,389                       | 1,806,048                              | 1,851,371                             | 1,806,048                        | 0   | 0.0%                            |
| <b>Total Racing Commission</b>                           | <b>3,676,153</b>                | <b>4,007,501</b>                       | <b>4,107,965</b>                      | <b>4,007,501</b>                 | <b>0</b>                                    | <b>0.0%</b>                     |
| <b>Total Inspections &amp; Appeals, Dept of</b>          | <b>\$ 10,840,126</b>            | <b>\$ 11,582,831</b>                   | <b>\$ 11,873,541</b>                  | <b>\$ 11,582,831</b>             | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b><u>Management, Department of</u></b>                  |                                 |  |                                       |                                  |   |                                 |
| DOM General Office & Statewide                           | \$ 2,048,640                    | \$ 2,137,824                           | \$ 2,191,522                          | \$ 2,137,824                     | \$ 0  | 0.0%                            |
| Salary Adjustment  | 0                               | 123,598                                | 126,767                               | 123,598                          | 0   | 0.0%                            |
| Reinvent Government                                      | 0                               | 6,191,250                              | 0                                     | 0                                | -6,191,250                                  | -100.0%                         |
| Integrated Info.for Iowa (I/3)                           | 57,244                          | 57,435                                 | 58,900                                | 57,435                           | 0   | 0.0%                            |
| Local Government Innovation Fd                           | 0                               | 975,000                                | 0                                     | 0                                | -975,000                                    | -100.0%                         |
| Charter Agency Grant Fund Appr                           | 0                               | 1,413,750                              | 0                                     | 0                                | -1,413,750                                  | -100.0%                         |
| Federal Over Recovery                                    | 0                               | 0                                      | 0                                     | 3,000,000                        | 3,000,000                                   |                                 |
| <b>Total Management, Department of</b>                   | <b>\$ 2,105,884</b>             | <b>\$ 10,898,857</b>                   | <b>\$ 2,377,189</b>                   | <b>\$ 5,318,857</b>              | <b>\$ -5,580,000</b>                        | <b>-51.2%</b>                   |
| <b><u>Personnel, Department of</u></b>                   |                                 |  |                                       |                                  |   |                                 |
| Department of Personnel Oper.                            | \$ 3,632,730                    | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |

# Administration and Regulation

## General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b>Revenue, Dept. of</b>                   |                                 |  |                                       |                                  |   |                                 |
| Revenue & Finance                          | \$ 24,174,523                   | \$ 24,506,391                          | \$ 24,506,391                         | \$ 24,776,391                    | \$ 270,000                                  | 1.1%                            |
| Collection Costs and Fees                  | <u>27,750</u>                   | <u>27,462</u>                          | <u>32,000</u>                         | <u>27,462</u>                    | <u>0</u>                                    | 0.0%                            |
| <b>Total Revenue, Dept. of</b>             | <u>\$ 24,202,273</u>            | <u>\$ 24,533,853</u>                   | <u>\$ 24,538,391</u>                  | <u>\$ 24,803,853</u>             | <u>\$ 270,000</u>                           | 1.1%                            |
| <b>Secretary of State</b>                  |                                 |  |                                       |                                  |   |                                 |
| Administration and Elections               | \$ 664,056                      | \$ 660,233                             | \$ 935,864                            | \$ 1,410,233                     | \$ 750,000                                  | 113.6%                          |
| Business Services                          | <u>1,398,158</u>                | <u>1,615,893</u>                       | <u>1,655,320</u>                      | <u>1,615,893</u>                 | <u>0</u>                                    | 0.0%                            |
| <b>Total Secretary of State</b>            | <u>\$ 2,062,214</u>             | <u>\$ 2,276,126</u>                    | <u>\$ 2,591,184</u>                   | <u>\$ 3,026,126</u>              | <u>\$ 750,000</u>                           | 33.0%                           |
| <b>Treasurer of State</b>                  |                                 |  |                                       |                                  |   |                                 |
| Treasurer - General Office                 | <u>\$ 766,324</u>               | <u>\$ 800,564</u>                      | <u>\$ 820,762</u>                     | <u>\$ 800,564</u>                | <u>\$ 0</u>                                 | 0.0%                            |
| <b>Total Administration and Regulation</b> | <u><u>\$ 79,580,535</u></u>     | <u><u>\$ 94,351,759</u></u>            | <u><u>\$ 87,427,751</u></u>           | <u><u>\$ 92,440,211</u></u>      | <u><u>\$ -1,911,548</u></u>                 | -2.0%                           |

# Ag. and Natural Resources

## General Fund

|  | Actual<br>FY 2003    | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005   | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|----------------------|--------------------------|-------------------------|----------------------|-------------------------------|-------------------|
|  | (1)                  | (2)                      | (3)                     | (4)                  | (5)                           | (6)               |
| <b><u>Ag. &amp; Land Stewardship</u></b>       |                      |                          |                         |                      |                               |                   |
| Administrative Division                        | \$ 16,066,563        | \$ 16,946,668            | \$ 18,738,127           | \$ 16,946,668        | \$ 0                          | 0.0%              |
| Missouri River Authority                       | 9,780                | 9,535                    | 9,780                   | 9,535                | 0                             | 0.0%              |
| Feed Grain Pilot Project                       | 19,081               | 0                        | 0                       | 0                    | 0                             |                   |
| Regulatory Dairy Products                      | 648,379              | 632,170                  | 680,798                 | 632,170              | 0                             | 0.0%              |
| <b>Total Ag. &amp; Land Stewardship</b>        | <b>\$ 16,743,803</b> | <b>\$ 17,588,373</b>     | <b>\$ 19,428,705</b>    | <b>\$ 17,588,373</b> | <b>\$ 0</b>                   | <b>0.0%</b>       |
| <b><u>Natural Resources, Department of</u></b> |                      |                          |                         |                      |                               |                   |
| Department of Natural Resource                 | \$ 15,174,616        | \$ 16,619,282            | \$ 16,619,282           | \$ 16,619,282        | \$ 0                          | 0.0%              |
| <b>Total Ag. and Natural Resources</b>         | <b>\$ 31,918,419</b> | <b>\$ 34,207,655</b>     | <b>\$ 36,047,987</b>    | <b>\$ 34,207,655</b> | <b>\$ 0</b>                   | <b>0.0%</b>       |

# Economic Development

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Economic Development, Dept. of</u></b>    |                                 |  |                                       |                                  |   |                                 |
| <b>Economic Development, Dept of</b>            |                                 |  |                                       |                                  |   |                                 |
| Grow Iowa Program Fund                          | \$ 0                            | \$ 0                                   | \$ 0                                  | \$ 23,000,000                    | \$ 23,000,000                               |                                 |
| <b>Administrative Services</b>                  |                                 |  |                                       |                                  |   |                                 |
| General Administration                          | 1,472,200                       | 1,562,332                              | 1,601,341                             | 1,562,332                        | 0   | 0.0%                            |
| World Food Prize                                | 285,000                         | 285,000                                | 285,000                               | 285,000                          | 0   | 0.0%                            |
| Junior Olympics                                 | 0                               | 50,000                                 | 0                                     | 0                                | -50,000                                     | -100.0%                         |
| <b>Total Administrative Services</b>            | <u>1,757,200</u>                | <u>1,897,332</u>                       | <u>1,886,341</u>                      | <u>1,847,332</u>                 | <u>-50,000</u>                              | <u>-2.6%</u>                    |
| <b>Business Development</b>                     |                                 |  |                                       |                                  |   |                                 |
| Business Development                            | 10,210,707                      | 6,084,500                              | 6,244,980                             | 6,084,500                        | 0   | 0.0%                            |
| <b>Community &amp; Rural Devel.</b>             |                                 |  |                                       |                                  |   |                                 |
| School to Career Refund                         | 0                               | 27,786                                 | 28,498                                | 28,498                           | 712   | 2.6%                            |
| Community Dev. Block Grant                      | 4,511,924                       | 5,730,725                              | 5,896,835                             | 6,230,725                        | 500,000                                     | 8.7%                            |
| <b>Total Community &amp; Rural Devel.</b>       | <u>4,511,924</u>                | <u>5,758,511</u>                       | <u>5,925,333</u>                      | <u>6,259,223</u>                 | <u>500,712</u>                              | <u>8.7%</u>                     |
| <b>Total Economic Development, Dept. of</b>     | <u>\$ 16,479,831</u>            | <u>\$ 13,740,343</u>                   | <u>\$ 14,056,654</u>                  | <u>\$ 37,191,055</u>             | <u>\$ 23,450,712</u>                        | <u>170.7%</u>                   |
| <b><u>Iowa Workforce Development</u></b>        |                                 |  |                                       |                                  |   |                                 |
| Labor Division                                  | \$ 4,758,924                    | \$ 4,889,124                           | \$ 5,015,644                          | \$ 5,189,124                     | \$ 300,000                                  | 6.1%                            |
| Welfare-To-Work Match                           |                                 | -2,145                                 |                                       |                                  | 2,145                                       | -100.0%                         |
| <b>Total Iowa Workforce Development</b>         | <u>\$ 4,758,924</u>             | <u>\$ 4,886,979</u>                    | <u>\$ 5,015,644</u>                   | <u>\$ 5,189,124</u>              | <u>\$ 302,145</u>                           | <u>6.2%</u>                     |
| <b><u>Public Employment Relations Board</u></b> |                                 |  |                                       |                                  |   |                                 |
| General Office                                  | \$ 795,890                      | \$ 895,752                             | \$ 918,296                            | \$ 895,752                       | \$ 0  | 0.0%                            |
| <b><u>Regents, Board of</u></b>                 |                                 |  |                                       |                                  |   |                                 |
| SUI - Economic Development                      | \$ 239,456                      | \$ 247,005                             | \$ 253,338                            | \$ 247,005                       | \$ 0  | 0.0%                            |

# Economic Development

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Regents, Board of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| ISU - Economic Development              | 2,325,716                       | 2,363,557                              | 2,424,161                             | 2,363,557                        | 0   | 0.0%                            |
| UNI - Economic Development              | 344,252                         | 361,291                                | 370,555                               | 361,291                          | 0   | 0.0%                            |
| <b>Total Regents, Board of</b>          | <b>\$ 2,909,424</b>             | <b>\$ 2,971,853</b>                    | <b>\$ 3,048,054</b>                   | <b>\$ 2,971,853</b>              | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b>Total Economic Development</b>       | <b>\$ 24,944,069</b>            | <b>\$ 22,494,927</b>                   | <b>\$ 23,038,648</b>                  | <b>\$ 46,247,784</b>             | <b>\$ 23,752,857</b>                        | <b>105.6%</b>                   |

# Education

## General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Blind, Iowa Commission for the</u></b>   |                                 |  |                                       |                                  |   |                                 |
| Department for the Blind                       | \$ 1,492,340                    | \$ 1,541,907                           | \$ 1,580,798                          | \$ 1,541,907                     | \$ 0  | 0.0%                            |
| <b><u>College Aid Commission</u></b>           |                                 |  |                                       |                                  |   |                                 |
| <b>Operations &amp; Loan Program</b>           |                                 |  |                                       |                                  |   |                                 |
| Scholarship and Grant Admin                    | \$ 285,964                      | \$ 298,825                             | \$ 306,341                            | \$ 298,825                       | \$ 0  | 0.0%                            |
| Student Aid Prg. (IA Grants)                   | 1,029,884                       | 1,029,784                              | 1,029,884                             | 1,029,784                        | 0   | 0.0%                            |
| Osteopathic University Prime                   | 355,334                         | 346,451                                | 355,334                               | 346,451                          | 0   | 0.0%                            |
| ACE Opportunity Grants                         | 224,895                         | 216,849                                | 0                                     | 0                                | -216,849                                    | -100.0%                         |
| National Guard Loan Program                    | 1,175,000                       | 1,143,599                              | 1,175,000                             | 2,900,000                        | 1,756,401                                   | 153.6%                          |
| Teacher Shortage Forgive. Loan                 | 472,279                         | 460,472                                | 472,279                               | 460,472                          | 0   | 0.0%                            |
| <b>Total Operations &amp; Loan Program</b>     | <b>3,543,356</b>                | <b>3,495,980</b>                       | <b>3,338,838</b>                      | <b>5,035,532</b>                 | <b>1,539,552</b>                            | <b>44.0%</b>                    |
| <b>Standing Grant &amp; Loan Program</b>       |                                 |  |                                       |                                  |   |                                 |
| Tuition Grant Program Standing                 | 46,117,964                      | 45,257,515                             | 46,417,964                            | 47,157,515                       | 1,900,000                                   | 4.2%                            |
| Scholarship Program Standing                   | 477,103                         | 465,175                                | 477,103                               | 465,175                          | 0   | 0.0%                            |
| Voc Tech Grant - Standing                      | 2,375,657                       | 2,316,266                              | 2,600,552                             | 2,533,115                        | 216,849                                     | 9.4%                            |
| <b>Total Standing Grant &amp; Loan Program</b> | <b>48,970,724</b>               | <b>48,038,956</b>                      | <b>49,495,619</b>                     | <b>50,155,805</b>                | <b>2,116,849</b>                            | <b>4.4%</b>                     |
| <b>Total College Aid Commission</b>            | <b>\$ 52,514,080</b>            | <b>\$ 51,534,936</b>                   | <b>\$ 52,834,457</b>                  | <b>\$ 55,191,337</b>             | <b>\$ 3,656,401</b>                         | <b>7.1%</b>                     |
| <b><u>Cultural Affairs, Dept. of</u></b>       |                                 |  |                                       |                                  |   |                                 |
| Cultural Affairs - Admin.                      | \$ 210,214                      | \$ 214,475                             | \$ 219,954                            | \$ 214,475                       | \$ 0  | 0.0%                            |
| Cultural Grants                                | 300,000                         | 299,240                                | 300,000                               | 299,240                          | 0   | 0.0%                            |
| State Historical Society                       | 2,745,207                       | 2,868,725                              | 2,941,048                             | 2,868,725                        | 0   | 0.0%                            |
| Historical Sites                               | 523,024                         | 526,459                                | 539,866                               | 526,459                          | 0   | 0.0%                            |
| Iowa Arts Council                              | 1,161,246                       | 1,157,486                              | 1,186,993                             | 1,157,486                        | 0   | 0.0%                            |
| <b>Total Cultural Affairs, Dept. of</b>        | <b>\$ 4,939,691</b>             | <b>\$ 5,066,385</b>                    | <b>\$ 5,187,861</b>                   | <b>\$ 5,066,385</b>              | <b>\$ 0</b>                                 | <b>0.0%</b>                     |

# Education

## General Fund

|                                     | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|-------------------------------------|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b>Education, Department of</b>     |                          |                                 |                                |                           |                                      |                          |
| <b>Administration</b>               |                          |                                 |                                |                           |                                      |                          |
| Dept. of Ed. Administration         | \$ 4,928,249             | \$ 5,168,114                    | \$ 5,298,322                   | \$ 5,168,114              | \$ 0                                 | 0.0%                     |
| Vocational Ed. Admin.               | 477,139                  | 514,828                         | 527,631                        | 514,828                   | 0                                    | 0.0%                     |
| Board of Ed. Examiners              | 41,688                   | 40,782                          | 42,702                         | 40,782                    | 0                                    | 0.0%                     |
| Vocational Rehabilitation           | 4,185,341                | 4,278,784                       | 4,387,154                      | 4,278,784                 | 0                                    | 0.0%                     |
| Independent Living                  | 54,533                   | 54,150                          | 55,531                         | 54,150                    | 0                                    | 0.0%                     |
| State Library                       | 1,222,051                | 1,262,603                       | 1,294,455                      | 1,262,603                 | 0                                    | 0.0%                     |
| Library Service Areas               | 1,411,854                | 1,376,558                       | 1,411,854                      | 1,376,558                 | 0                                    | 0.0%                     |
| Iowa Public Television              | 6,200,841                | 6,426,514                       | 6,588,549                      | 6,726,514                 | 300,000                              | 4.7%                     |
| IPTV - Regional Councils            | 1,612,500                | 1,600,806                       | 1,641,662                      | 1,600,806                 | 0                                    | 0.0%                     |
| School Food Service                 | 2,574,034                | 2,509,683                       | 2,574,034                      | 2,509,683                 | 0                                    | 0.0%                     |
| <b>Total Administration</b>         | <b>22,708,230</b>        | <b>23,232,822</b>               | <b>23,821,894</b>              | <b>23,532,822</b>         | <b>300,000</b>                       | <b>1.3%</b>              |
| <b>Education, Dept. of</b>          |                          |                                 |                                |                           |                                      |                          |
| Professional Development Grant      | 0                        | 0                               | 0                              | 10,000,000                | 10,000,000                           |                          |
| Early Childhood                     | 0                        | 0                               | 0                              | 1,500,000                 | 1,500,000                            |                          |
| <b>Total Education, Dept. of</b>    | <b>0</b>                 | <b>0</b>                        | <b>0</b>                       | <b>11,500,000</b>         | <b>11,500,000</b>                    |                          |
| <b>Grants &amp; State Aid</b>       |                          |                                 |                                |                           |                                      |                          |
| Enrich Iowa Libraries               | 1,741,982                | 1,698,432                       | 1,741,982                      | 1,698,432                 | 0                                    | 0.0%                     |
| Vocational Educ Secondary           | 2,938,488                | 2,936,904                       | 3,012,209                      | 2,936,904                 | 0                                    | 0.0%                     |
| Empowerment Bd - Early Child.       | 13,724,712               | 13,381,594                      | 13,724,712                     | 13,381,594                | 0                                    | 0.0%                     |
| Nonpublic Textbooks                 | 578,880                  | 564,408                         | 578,880                        | 564,408                   | 0                                    | 0.0%                     |
| Student Achievement                 | 16,100,000               | 43,113,894                      | 44,275,000                     | 47,363,894                | 4,250,000                            | 9.9%                     |
| Jobs For America's Grads            | 0                        | 0                               | 0                              | 400,000                   | 400,000                              |                          |
| <b>Total Grants &amp; State Aid</b> | <b>35,084,062</b>        | <b>61,695,232</b>               | <b>63,332,783</b>              | <b>66,345,232</b>         | <b>4,650,000</b>                     | <b>7.5%</b>              |

# Education

## General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Education, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Community College</b>                       |                                 |  |                                       |                                  |   |                                 |
| MAS - General Aid                              | 138,585,680                     | 135,779,244                            | 139,260,763                           | 138,879,244                      | 3,100,000                                   | 2.3%                            |
| <b>Total Education, Department of</b>          | <b>\$ 196,377,972</b>           | <b>\$ 220,707,298</b>                  | <b>\$ 226,415,440</b>                 | <b>\$ 240,257,298</b>            | <b>\$ 19,550,000</b>                        | <b>8.9%</b>                     |
| <b><u>Regents, Board of</u></b>                |                                 |  |                                       |                                  |   |                                 |
| <b>Regents, Board of</b>                       |                                 |  |                                       |                                  |   |                                 |
| Regents Board Office                           | \$ 1,148,244                    | \$ 1,160,398                           | \$ 1,190,152                          | \$ 1,160,398                     | \$ 0  | 0.0%                            |
| Tuition Replacement                            | 0                               | 13,009,474                             | 12,701,278                            | 13,009,474                       | 0   | 0.0%                            |
| Southwest Iowa Resource Center                 | 105,985                         | 105,956                                | 108,673                               | 105,956                          | 0   | 0.0%                            |
| Tri State Graduate Center                      | 78,065                          | 77,941                                 | 79,940                                | 77,941                           | 0   | 0.0%                            |
| Quad Cities Graduate Center                    | 157,799                         | 157,144                                | 161,173                               | 157,144                          | 0   | 0.0%                            |
| <b>Total Regents, Board of</b>                 | <b>1,490,093</b>                | <b>14,510,913</b>                      | <b>14,241,216</b>                     | <b>14,510,913</b>                | <b>0</b>                                    | <b>0.0%</b>                     |
| <b>University of Iowa</b>                      |                                 |  |                                       |                                  |   |                                 |
| Univ. of Iowa: Gen. University                 | 222,319,484                     | 219,937,344                            | 231,036,763                           | 233,585,069                      | 13,647,725                                  | 6.2%                            |
| Indigent Patient Program: UIHC                 | 28,159,909                      | 27,284,584                             | 27,984,189                            | 27,284,584                       | 0   | 0.0%                            |
| Psychiatric Hospital                           | 7,202,200                       | 7,043,056                              | 7,223,647                             | 7,043,056                        | 0   | 0.0%                            |
| Center Dis. & Dev. (Hosp-Sch)                  | 6,459,930                       | 6,363,265                              | 6,526,426                             | 6,363,265                        | 0   | 0.0%                            |
| Oakdale Campus                                 | 2,728,074                       | 2,657,335                              | 2,725,472                             | 2,657,335                        | 0   | 0.0%                            |
| University Hygienic Laboratory                 | 3,819,323                       | 3,802,520                              | 3,900,021                             | 3,802,520                        | 0   | 0.0%                            |
| Family Practice Program                        | 2,123,084                       | 2,075,948                              | 2,129,177                             | 2,075,948                        | 0   | 0.0%                            |
| SCHS - Hemophilia, Cancer                      | 628,576                         | 649,066                                | 665,709                               | 649,066                          | 0   | 0.0%                            |
| State of Iowa Cancer Registry                  | 184,676                         | 178,739                                | 183,322                               | 178,739                          | 0   | 0.0%                            |
| SUI Substance Abuse Consortium                 | 66,424                          | 64,871                                 | 66,534                                | 64,871                           | 0   | 0.0%                            |
| Biocatalysis                                   | 917,754                         | 881,384                                | 903,984                               | 881,384                          | 0   | 0.0%                            |
| Primary Health Care                            | 783,918                         | 759,875                                | 779,359                               | 759,875                          | 0   | 0.0%                            |
| Iowa Birth Defects Registry                    | 45,813                          | 44,636                                 | 45,781                                | 44,636                           | 0   | 0.0%                            |
| <b>Total University of Iowa</b>                | <b>275,439,165</b>              | <b>271,742,623</b>                     | <b>284,170,384</b>                    | <b>285,390,348</b>               | <b>13,647,725</b>                           | <b>5.0%</b>                     |

# Education

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Regents, Board of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Iowa State University</b>            |                                 |  |                                       |                                  |   |                                 |
| Iowa State: Gen. University             | 175,588,206                     | 173,189,751                            | 181,880,514                           | 183,936,657                      | 10,746,906                                  | 6.2%                            |
| ISU-Ag & Home Ec. Exp. Sta.             | 31,874,032                      | 31,019,520                             | 31,814,892                            | 31,019,520                       | 0   | 0.0%                            |
| ISU - Cooperative Extension             | 20,140,175                      | 19,738,432                             | 20,244,546                            | 19,738,432                       | 0   | 0.0%                            |
| ISU Leopold Center                      | 487,825                         | 464,319                                | 476,225                               | 464,319                          | 0   | 0.0%                            |
| Livestock Disease Research              | 232,749                         | 220,708                                | 226,367                               | 220,708                          | 0   | 0.0%                            |
| <b>Total Iowa State University</b>      | <b>228,322,987</b>              | <b>224,632,730</b>                     | <b>234,642,544</b>                    | <b>235,379,636</b>               | <b>10,746,906</b>                           | <b>4.8%</b>                     |
| <b>Univ. of Northern Iowa</b>           |                                 |  |                                       |                                  |   |                                 |
| University of Northern Iowa             | 78,589,015                      | 77,804,507                             | 81,839,494                            | 82,632,493                       | 4,827,986                                   | 6.2%                            |
| Recycling & Reuse Center                | 214,188                         | 211,858                                | 217,290                               | 211,858                          | 0   | 0.0%                            |
| <b>Total Univ. of Northern Iowa</b>     | <b>78,803,203</b>               | <b>78,016,365</b>                      | <b>82,056,784</b>                     | <b>82,844,351</b>                | <b>4,827,986</b>                            | <b>6.2%</b>                     |
| <b>Special Schools</b>                  |                                 |  |                                       |                                  |   |                                 |
| Iowa School for the Deaf                | 7,698,218                       | 8,099,712                              | 8,465,689                             | 8,598,187                        | 498,475                                     | 6.2%                            |
| Braille & Sight Saving School           | 4,314,658                       | 4,531,492                              | 4,736,740                             | 4,810,400                        | 278,908                                     | 6.2%                            |
| Tuition and Transportation              | 15,103                          | 14,725                                 | 7,500                                 | 14,725                           | 0   | 0.0%                            |
| <b>Total Special Schools</b>            | <b>12,027,979</b>               | <b>12,645,929</b>                      | <b>13,209,929</b>                     | <b>13,423,312</b>                | <b>777,383</b>                              | <b>6.1%</b>                     |
| <b>Total Regents, Board of</b>          | <b>\$ 596,083,427</b>           | <b>\$ 601,548,560</b>                  | <b>\$ 628,320,857</b>                 | <b>\$ 631,548,560</b>            | <b>\$ 30,000,000</b>                        | <b>5.0%</b>                     |
| <b>Total Education</b>                  | <b>\$ 851,407,510</b>           | <b>\$ 880,399,086</b>                  | <b>\$ 914,339,413</b>                 | <b>\$ 933,605,487</b>            | <b>\$ 53,206,401</b>                        | <b>6.0%</b>                     |

# Health and Human Services

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Elder Affairs, Department of</u></b>  |                                 |  |                                       |                                  |   |                                 |
| Aging Programs                              | \$ 3,916,273                    | \$ 2,632,668                           | \$ 2,699,770                          | \$ 2,632,668                     | \$ 0  | 0.0%                            |
| <b><u>Health, Department of Public</u></b>  |                                 |  |                                       |                                  |   |                                 |
| Addictive Disorders                         | \$ 1,172,890                    | \$ 1,267,111                           | \$ 1,299,416                          | \$ 2,267,111                     | \$ 1,000,000                                | 78.9%                           |
| Adult Wellness                              | 497,647                         | 254,067                                | 310,582                               | 304,067                          | 50,000                                      | 19.7%                           |
| Child and Adolescent Wellness               | 1,083,796                       | 815,803                                | 936,715                               | 1,915,803                        | 1,100,000                                   | 134.8%                          |
| Chronic Conditions                          | 1,148,795                       | 1,020,040                              | 871,937                               | 845,863                          | -174,177                                    | -17.1%                          |
| Community Capacity - GF                     | 1,204,483                       | 1,308,748                              | 1,300,444                             | 1,267,359                        | -41,389                                     | -3.2%                           |
| Elderly Wellness                            | 9,455,265                       | 9,233,985                              | 9,470,754                             | 9,233,985                        | 0   | 0.0%                            |
| Environmental Hazards                       | 155,276                         | 340,808                                | 260,547                               | 251,808                          | -89,000                                     | -26.1%                          |
| Infectious Diseases                         | 1,075,158                       | 1,077,251                              | 1,107,068                             | 1,079,703                        | 2,452                                       | 0.2%                            |
| Injuries                                    | 1,464,963                       | 1,379,358                              | 1,414,711                             | 1,379,358                        | 0   | 0.0%                            |
| Public Protection                           | 6,115,802                       | 6,510,118                              | 6,764,376                             | 6,598,873                        | 88,755                                      | 1.4%                            |
| Resource Management                         | 1,074,075                       | 699,319                                | 780,176                               | 762,678                          | 63,359                                      | 9.1%                            |
| <b>Total Health, Department of Public</b>   | <b>\$ 24,448,150</b>            | <b>\$ 23,906,608</b>                   | <b>\$ 24,516,726</b>                  | <b>\$ 25,906,608</b>             | <b>\$ 2,000,000</b>                         | <b>8.4%</b>                     |
| <b><u>Human Services, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Economic Assistance</b>                  |                                 |  |                                       |                                  |   |                                 |
| Family Investment Program                   | \$ 35,288,782                   | \$ 36,189,791                          | \$ 38,711,111                         | \$ 38,711,111                    | \$ 2,521,320                                | 7.0%                            |
| Child Support Recoveries                    | 5,750,910                       | 5,915,656                              | 5,772,191                             | 5,915,656                        | 0   | 0.0%                            |
| <b>Total Economic Assistance</b>            | <b>41,039,692</b>               | <b>42,105,447</b>                      | <b>44,483,302</b>                     | <b>44,626,767</b>                | <b>2,521,320</b>                            | <b>6.0%</b>                     |
| <b>Medical Services</b>                     |                                 |  |                                       |                                  |   |                                 |
| Medical Assistance-GF Trans                 | 418,742,073                     | 333,486,073                            | 349,986,073                           | 391,400,000                      | 57,913,927                                  | 17.4%                           |
| Health Insurance Premium Pmt.               | 565,848                         | 606,429                                | 595,670                               | 606,429                          | 0   | 0.0%                            |
| Medical Contracts                           | 8,729,141                       | 8,990,035                              | 8,990,035                             | 10,790,035                       | 1,800,000                                   | 20.0%                           |
| State Children's Health Ins.                | 11,458,412                      | 11,118,275                             | 11,118,275                            | 12,618,275                       | 1,500,000                                   | 13.5%                           |

# Health and Human Services

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Human Services, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Medical Services (cont.)</b>                     |                                 |  |                                       |                                  |   |                                 |
| State Supplementary Assistance                      | 19,500,000                      | 19,198,735                             | 19,198,735                            | 19,198,735                       | 0   | 0.0%                            |
| County Hospitals                                    | 0                               | 312,000                                | 0                                     | 0                                | -312,000                                    | -100.0%                         |
| <b>Total Medical Services</b>                       | <b>458,995,474</b>              | <b>373,711,547</b>                     | <b>389,888,788</b>                    | <b>434,613,474</b>               | <b>60,901,927</b>                           | <b>16.3%</b>                    |
| <b>Child and Family Services</b>                    |                                 |  |                                       |                                  |   |                                 |
| Child Care Services                                 | 4,939,635                       | 5,050,752                              | 5,050,752                             | 5,050,752                        | 0   | 0.0%                            |
| Toledo Juvenile Home                                | 6,150,122                       | 6,061,266                              | 6,068,214                             | 6,061,266                        | 0   | 0.0%                            |
| Eldora Training School                              | 10,149,340                      | 9,570,563                              | 9,604,860                             | 9,570,563                        | 0   | 0.0%                            |
| Child and Family Services                           | 103,844,163                     | 107,091,253                            | 107,091,253                           | 107,091,253                      | 0   | 0.0%                            |
| Family Support Subsidy                              | 1,936,434                       | 1,936,434                              | 1,936,434                             | 1,936,434                        | 0   | 0.0%                            |
| Child Welfare Reduction                             | 0                               | -10,000,000                            | 0                                     | 0                                | 10,000,000                                  | -100.0%                         |
| Child Welfare Redes Prov Loan                       | 0                               | 1,000,000                              | 0                                     | 0                                | -1,000,000                                  | -100.0%                         |
| CW Tech & Training                                  | 0                               | 1,200,000                              | 0                                     | 0                                | -1,200,000                                  | -100.0%                         |
| <b>Total Child and Family Services</b>              | <b>127,019,694</b>              | <b>121,910,268</b>                     | <b>129,751,513</b>                    | <b>129,710,268</b>               | <b>7,800,000</b>                            | <b>6.4%</b>                     |
| <b>MH/MR/DD/BI</b>                                  |                                 |  |                                       |                                  |   |                                 |
| Conners Training                                    | 42,623                          | 42,623                                 | 42,623                                | 42,623                           | 0   | 0.0%                            |
| Cherokee Mental Health Inst.                        | 12,392,966                      | 12,927,556                             | 12,753,118                            | 12,927,556                       | 0   | 0.0%                            |
| Clarinda Mental Health Inst.                        | 7,059,035                       | 7,410,346                              | 7,296,109                             | 7,410,346                        | 0   | 0.0%                            |
| Independence Mental Health Ins                      | 16,283,896                      | 17,239,768                             | 16,950,870                            | 17,239,768                       | 0   | 0.0%                            |
| Mt. Pleasant Mental Health Ins                      | 5,292,013                       | 6,109,205                              | 6,016,935                             | 6,109,205                        | 0   | 0.0%                            |
| Glenwood Resource Center                            | 4,021,038                       | 6,060,778                              | 7,359,756                             | 9,218,772                        | 3,157,994                                   | 52.1%                           |
| Woodward Resource Center                            | 2,521,266                       | 4,578,453                              | 4,578,496                             | 4,520,459                        | -57,994                                     | -1.3%                           |
| Mental Health Redesign                              | 0                               | 0                                      | 0                                     | 5,000,000                        | 5,000,000                                   |                                 |
| DD Special Needs Grants                             | 47,827                          | 0                                      | 0                                     | 0                                | 0   |                                 |
| MI/MR State Cases                                   | 11,414,619                      | 11,014,619                             | 11,014,619                            | 11,014,619                       | 0   | 0.0%                            |
| MH/DD Community Services                            | 17,757,890                      | 17,757,890                             | 17,757,890                            | 17,757,890                       | 0   | 0.0%                            |
| Personal Assistance                                 | 157,921                         | 205,748                                | 205,748                               | 205,748                          | 0   | 0.0%                            |

# Health and Human Services

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Human Services, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>MH/MR/DD/BI (cont.)</b>                          |                                 |  |                                       |                                  |   |                                 |
| Sexual Predator Civil Commit.                       | 3,375,179                       | 2,801,472                              | 3,489,147                             | 3,531,005                        | 729,533                                     | 26.0%                           |
| MH/DD Growth Factor                                 | 14,181,000                      | 19,073,638                             | 19,073,638                            | 23,738,749                       | 4,665,111                                   | 24.5%                           |
| <b>Total MH/MR/DD/BI</b>                            | <b>94,547,273</b>               | <b>105,222,096</b>                     | <b>106,538,949</b>                    | <b>118,716,740</b>               | <b>13,494,644</b>                           | <b>12.8%</b>                    |
| <b>Managing and Delivering Services</b>             |                                 |  |                                       |                                  |   |                                 |
| Field Operations                                    | 49,951,093                      | 52,727,745                             | 52,041,702                            | 52,727,745                       | 0   | 0.0%                            |
| General Administration                              | 11,304,333                      | 11,480,872                             | 11,256,409                            | 11,480,872                       | 0   | 0.0%                            |
| Volunteers  | 109,568                         | 109,568                                | 109,568                               | 109,568                          | 0   | 0.0%                            |
| <b>Total Managing and Delivering Services</b>       | <b>61,364,994</b>               | <b>64,318,185</b>                      | <b>63,407,679</b>                     | <b>64,318,185</b>                | <b>0</b>                                    | <b>0.0%</b>                     |
| <b>Total Human Services, Department of</b>          | <b>\$ 782,967,127</b>           | <b>\$ 707,267,543</b>                  | <b>\$ 734,070,231</b>                 | <b>\$ 791,985,434</b>            | <b>\$ 84,717,891</b>                        | <b>12.0%</b>                    |
| <b><u>Veterans Affairs, Comm. of</u></b>            |                                 |  |                                       |                                  |   |                                 |
| Veterans Affairs, Comm of                           | \$ 188,074                      | \$ 293,971                             | \$ 301,395                            | \$ 293,971                       | \$ 0  | 0.0%                            |
| Iowa Veterans Home                                  | 14,092,151                      | 16,351,559                             | 16,351,559                            | 17,351,559                       | 1,000,000                                   | 6.1%                            |
| <b>Total Veterans Affairs, Comm. of</b>             | <b>\$ 14,280,225</b>            | <b>\$ 16,645,530</b>                   | <b>\$ 16,652,954</b>                  | <b>\$ 17,645,530</b>             | <b>\$ 1,000,000</b>                         | <b>6.0%</b>                     |
| <b>Total Health and Human Services</b>              | <b>\$ 825,611,775</b>           | <b>\$ 750,452,349</b>                  | <b>\$ 777,939,681</b>                 | <b>\$ 838,170,240</b>            | <b>\$ 87,717,891</b>                        | <b>11.7%</b>                    |

# Justice System

## General Fund

|  | Actual<br>FY 2003   | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005   | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|---------------------|--------------------------|-------------------------|----------------------|-------------------------------|-------------------|
|  | (1)                 | (2)                      | (3)                     | (4)                  | (5)                           | (6)               |
| <b><u>Justice, Department of</u></b>     |                     |                          |                         |                      |                               |                   |
| General Office A.G.                      | \$ 7,160,615        | \$ 7,565,245             | \$ 7,755,052            | \$ 7,565,245         | \$ 0                          | 0.0%              |
| Consumer Advocate                        | 2,754,760           | 2,803,862                | 2,874,682               | 2,803,862            | 0                             | 0.0%              |
| Victim Assistance Grants                 | 0                   | 0                        | 0                       | 25,000               | 25,000                        |                   |
| <b>Total Justice, Department of</b>      | <b>\$ 9,915,375</b> | <b>\$ 10,369,107</b>     | <b>\$ 10,629,734</b>    | <b>\$ 10,394,107</b> | <b>\$ 25,000</b>              | <b>0.2%</b>       |
| <b><u>Civil Rights Commission</u></b>    |                     |                          |                         |                      |                               |                   |
| Civil Rights Commission                  | \$ 886,024          | \$ 825,752               | \$ 846,582              | \$ 924,752           | \$ 99,000                     | 12.0%             |
| <b><u>Corrections, Department of</u></b> |                     |                          |                         |                      |                               |                   |
| <b>Corrections Institutions</b>          |                     |                          |                         |                      |                               |                   |
| Ft. Madison Inst.                        | \$ 33,168,605       | \$ 37,393,149            | \$ 37,393,149           | \$ 38,009,504        | \$ 616,355                    | 1.6%              |
| Anamosa Inst.                            | 24,386,629          | 26,468,726               | 26,468,726              | 26,913,551           | 444,825                       | 1.7%              |
| Oakdale Inst.                            | 21,497,363          | 23,127,382               | 23,127,382              | 23,536,936           | 409,554                       | 1.8%              |
| Newton Inst.                             | 22,501,891          | 24,007,011               | 24,007,011              | 24,533,794           | 526,783                       | 2.2%              |
| Mt Pleasant Inst.                        | 21,161,133          | 22,306,420               | 22,306,420              | 22,464,361           | 157,941                       | 0.7%              |
| Rockwell City Inst.                      | 7,268,049           | 7,711,007                | 7,711,007               | 7,772,369            | 61,362                        | 0.8%              |
| Clarinda Inst.                           | 18,326,306          | 20,271,253               | 19,993,753              | 22,518,204           | 2,246,951                     | 11.1%             |
| Mitchellville Inst.                      | 12,024,416          | 12,998,051               | 12,998,051              | 13,190,260           | 192,209                       | 1.5%              |
| Ft. Dodge Inst.                          | 24,299,207          | 25,785,046               | 25,785,046              | 25,880,530           | 95,484                        | 0.4%              |
| <b>Total Corrections Institutions</b>    | <b>184,633,599</b>  | <b>200,068,045</b>       | <b>199,790,545</b>      | <b>204,819,509</b>   | <b>4,751,464</b>              | <b>2.4%</b>       |
| <b>Corrections Central Office</b>        |                     |                          |                         |                      |                               |                   |
| County Confinement                       | 674,954             | 674,954                  | 674,954                 | 674,954              | 0                             | 0.0%              |
| Federal Prisoners/Contractual            | 241,293             | 241,293                  | 241,293                 | 241,293              | 0                             | 0.0%              |
| Central Office Corrections               | 2,666,224           | 2,784,393                | 2,784,393               | 2,784,393            | 0                             | 0.0%              |
| Corrections Education                    | 100,000             | 1,000,000                | 1,000,000               | 1,000,000            | 0                             | 0.0%              |
| Iowa Corr. Offender Network              | 427,700             | 427,700                  | 427,700                 | 427,700              | 0                             | 0.0%              |
| <b>Total Corrections Central Office</b>  | <b>4,110,171</b>    | <b>5,128,340</b>         | <b>5,128,340</b>        | <b>5,128,340</b>     | <b>0</b>                      | <b>0.0%</b>       |

# Justice System

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Corrections, Department of (cont.)</u></b>        |                                 |  |                                       |                                  |   |                                 |
| <b>CBC Districts</b>                                    |                                 |  |                                       |                                  |   |                                 |
| CBC District I  | 8,953,795                       | 9,853,209                              | 9,853,209                             | 10,090,207                       | 236,998                                     | 2.4%                            |
| CBC District II   | 6,992,061                       | 7,657,081                              | 7,657,081                             | 7,755,402                        | 98,321                                      | 1.3%                            |
| CBC District III  | 4,073,638                       | 4,527,819                              | 4,527,819                             | 4,631,423                        | 103,604                                     | 2.3%                            |
| CBC District IV   | 3,759,908                       | 4,201,565                              | 4,201,565                             | 4,248,965                        | 47,400                                      | 1.1%                            |
| CBC District V  | 11,416,374                      | 12,793,238                             | 12,793,238                            | 12,982,837                       | 189,599                                     | 1.5%                            |
| CBC District VI   | 8,746,141                       | 9,952,952                              | 9,952,952                             | 10,064,717                       | 111,765                                     | 1.1%                            |
| CBC District VII  | 5,000,149                       | 5,554,925                              | 5,554,925                             | 5,677,314                        | 122,389                                     | 2.2%                            |
| CBC District VIII                                       | 5,097,521                       | 5,513,905                              | 5,513,905                             | 5,574,865                        | 60,960                                      | 1.1%                            |
| <b>Total CBC Districts</b>                              | <u>54,039,587</u>               | <u>60,054,694</u>                      | <u>60,054,694</u>                     | <u>61,025,730</u>                | <u>971,036</u>                              | 1.6%                            |
| <b>Total Corrections, Department of</b>                 | <u>\$ 242,783,357</u>           | <u>\$ 265,251,079</u>                  | <u>\$ 264,973,579</u>                 | <u>\$ 270,973,579</u>            | <u>\$ 5,722,500</u>                         | 2.2%                            |
| <b><u>IA Telecommun &amp; Technology Commission</u></b> |                                 |  |                                       |                                  |   |                                 |
| ICN Operations/Edu. Subsidy                             | \$ 1,002,356                    | \$ 487,500                             | \$ 0                                  | \$ 0                             | \$ -487,500                                 | -100.0%                         |
| <b><u>Inspections &amp; Appeals, Dept of</u></b>        |                                 |  |                                       |                                  |   |                                 |
| Public Defender   | \$ 15,384,767                   | \$ 16,663,446                          | \$ 17,084,207                         | \$ 17,720,628                    | \$ 1,057,182                                | 6.3%                            |
| Indigent Defense Appropriation                          | <u>20,437,586</u>               | <u>19,355,297</u>                      | <u>19,851,587</u>                     | <u>20,298,115</u>                | <u>942,818</u>                              | 4.9%                            |
| <b>Total Inspections &amp; Appeals, Dept of</b>         | <u>\$ 35,822,353</u>            | <u>\$ 36,018,743</u>                   | <u>\$ 36,935,794</u>                  | <u>\$ 38,018,743</u>             | <u>\$ 2,000,000</u>                         | 5.6%                            |
| <b><u>Judicial Branch</u></b>                           |                                 |  |                                       |                                  |   |                                 |
| Judicial Branch   | \$ 109,154,603                  | \$ 117,837,862                         | \$ 120,853,389                        | \$ 120,853,389                   | \$ 3,015,527                                | 2.6%                            |
| Judicial Retirement                                     | <u>2,039,664</u>                | <u>2,039,664</u>                       | <u>4,979,417</u>                      | <u>4,979,417</u>                 | <u>2,939,753</u>                            | 144.1%                          |
| <b>Total Judicial Branch</b>                            | <u>\$ 111,194,267</u>           | <u>\$ 119,877,526</u>                  | <u>\$ 125,832,806</u>                 | <u>\$ 125,832,806</u>            | <u>\$ 5,955,280</u>                         | 5.0%                            |
| <b><u>Law Enforcement Academy</u></b>                   |                                 |  |                                       |                                  |   |                                 |
| Operations  | \$ 975,526                      | \$ 1,066,890                           | \$ 1,093,847                          | \$ 1,066,890                     | \$ 0  | 0.0%                            |

# Justice System

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Parole, Board of</u></b>              |                                 |  |                                       |                                  |   |                                 |
| Parole Board                                | \$ 962,489                      | \$ 1,017,910                           | \$ 1,043,768                          | \$ 1,043,768                     | \$ 25,858                                   | 2.5%                            |
| <b><u>Public Defense, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Public Defense, Dept. of</b>             |                                 |  |                                       |                                  |   |                                 |
| Military Division                           | \$ 4,990,233                    | \$ 5,084,143                           | \$ 5,213,366                          | \$ 5,084,143                     | \$ 0  | 0.0%                            |
| <b>Emergency Management Division</b>        |                                 |  |                                       |                                  |   |                                 |
| Emergency Management Division               | 1,050,987                       | 1,123,400                              | 1,151,420                             | 1,123,400                        | 0   | 0.0%                            |
| <b>Total Public Defense, Department of</b>  | <b>\$ 6,041,220</b>             | <b>\$ 6,207,543</b>                    | <b>\$ 6,364,786</b>                   | <b>\$ 6,207,543</b>              | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b><u>Public Safety, Department of</u></b>  |                                 |  |                                       |                                  |   |                                 |
| Public Safety Administration                | \$ 2,398,544                    | \$ 2,439,332                           | \$ 2,500,832                          | \$ 2,669,732                     | \$ 230,400                                  | 9.4%                            |
| Investigation, DCI                          | 12,499,886                      | 13,097,476                             | 13,428,510                            | 14,058,510                       | 961,034                                     | 7.3%                            |
| Narcotics Enforcement                       | 3,510,371                       | 3,711,733                              | 3,805,233                             | 3,930,089                        | 218,356                                     | 5.9%                            |
| Undercover Funds                            | 123,343                         | 120,259                                | 123,343                               | 123,343                          | 3,084                                       | 2.6%                            |
| Fire Marshal                                | 1,889,002                       | 1,841,832                              | 1,888,463                             | 2,181,998                        | 340,166                                     | 18.5%                           |
| Fire Service                                | 558,147                         | 597,840                                | 613,021                               | 638,021                          | 40,181                                      | 6.7%                            |
| Iowa State Patrol                           | 36,636,369                      | 38,141,308                             | 39,104,293                            | 41,195,293                       | 3,053,985                                   | 8.0%                            |
| Capitol Police                              | 1,210,024                       | 1,289,720                              | 1,321,840                             | 1,321,840                        | 32,120                                      | 2.5%                            |
| DPS/SPOC Sick Leave Payout                  | 272,421                         | 210,701                                | 216,104                               | 316,179                          | 105,478                                     | 50.1%                           |
| Fire Fighter Training                       | 543,270                         | 529,391                                | 544,587                               | 544,587                          | 15,196                                      | 2.9%                            |
| Medical Injuries - DPS Custody              | 67,041                          | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Public Safety, Department of</b>   | <b>\$ 59,708,418</b>            | <b>\$ 61,979,592</b>                   | <b>\$ 63,546,226</b>                  | <b>\$ 66,979,592</b>             | <b>\$ 5,000,000</b>                         | <b>8.1%</b>                     |
| <b>Total Justice System</b>                 | <b>\$ 469,291,385</b>           | <b>\$ 503,101,642</b>                  | <b>\$ 511,267,122</b>                 | <b>\$ 521,441,780</b>            | <b>\$ 18,340,138</b>                        | <b>3.6%</b>                     |

# Trans., Infra., and Capitals

## General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Transportation, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| Aviation Assistance                         | \$ 0                            | \$ -64,792                             | \$ 0                                  | \$ 0                             | \$ 64,792                                   | -100.0%                         |
| Rail Assistance                             | 0                               | -35,959                                | 0                                     | 0                                | 35,959                                      | -100.0%                         |
| <b>Total Trans., Infra., and Capitals</b>   | <b>\$ 0</b>                     | <b>\$ -100,751</b>                     | <b>\$ 0</b>                           | <b>\$ 0</b>                      | <b>\$ 100,751</b>                           | <b>-100.0%</b>                  |

## Unassigned Standing General Fund

|   | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|---|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b><u>Administrative Services, Dept. of</u></b> |                          |                                 |                                |                           |                                      |                          |
| Deferred Compensation Prog.                     | \$ 154,196               | \$ 55,088                       | \$ 56,501                      | \$ 55,088                 | \$ 0                                 | 0.0%                     |
| Federal Cash Management                         | 233,632                  | 536,250                         | 450,000                        | 436,250                   | -100,000                             | -18.6%                   |
| Unemployment Comp - State                       | 831,555                  | 438,750                         | 550,000                        | 538,750                   | 100,000                              | 22.8%                    |
| Municpl.Fire & Police Ret.                      | 2,816,189                | 2,745,784                       | 2,816,189                      | 2,745,784                 | 0                                    | 0.0%                     |
| <b>Total Administrative Services, Dept. of</b>  | <b>\$ 4,035,572</b>      | <b>\$ 3,775,872</b>             | <b>\$ 3,872,690</b>            | <b>\$ 3,775,872</b>       | <b>\$ 0</b>                          | <b>0.0%</b>              |
| <b><u>Corrections, Department of</u></b>        |                          |                                 |                                |                           |                                      |                          |
| State Cases                                     | \$ 0                     | \$ 66,370                       | \$ 66,370                      | \$ 66,370                 | \$ 0                                 | 0.0%                     |
| <b><u>Education, Department of</u></b>          |                          |                                 |                                |                           |                                      |                          |
| Child Development                               | \$ 11,463,871            | \$ 11,271,000                   | \$ 11,560,000                  | \$ 11,271,000             | \$ 0                                 | 0.0%                     |
| Educational Excellence                          | 66,891,336               | 55,469,053                      | 56,891,336                     | 55,469,053                | 0                                    | 0.0%                     |
| Early Intervention Block Grant                  | 30,000,000               | 29,250,000                      | 30,000,000                     | 29,250,000                | 0                                    | 0.0%                     |
| Instructional Support                           | 14,798,189               | 14,428,271                      | 14,798,227                     | 14,428,271                | 0                                    | 0.0%                     |
| School Foundation Aid                           | 1,738,962,243            | 1,772,201,824                   | 1,868,400,000                  | 1,888,600,000             | 116,398,176                          | 6.6%                     |
| Transportation/Nonpublic                        | 7,799,550                | 7,604,561                       | 7,799,550                      | 7,604,561                 | 0                                    | 0.0%                     |
| <b>Total Education, Department of</b>           | <b>\$ 1,869,915,189</b>  | <b>\$ 1,890,224,709</b>         | <b>\$ 1,989,449,113</b>        | <b>\$ 2,006,622,885</b>   | <b>\$ 116,398,176</b>                | <b>6.2%</b>              |
| <b><u>Executive Council</u></b>                 |                          |                                 |                                |                           |                                      |                          |
| Court Costs                                     | \$ 163,219               | \$ 73,125                       | \$ 75,000                      | \$ 73,125                 | \$ 0                                 | 0.0%                     |
| Public Improvements                             | 12,411                   | 48,750                          | 50,000                         | 48,750                    | 0                                    | 0.0%                     |
| Performance of Duty                             | 1,250,505                | 1,462,500                       | 1,500,000                      | 1,462,500                 | 0                                    | 0.0%                     |
| Drainage Assessment                             | 22,901                   | 24,375                          | 25,000                         | 24,375                    | 0                                    | 0.0%                     |
| <b>Total Executive Council</b>                  | <b>\$ 1,449,036</b>      | <b>\$ 1,608,750</b>             | <b>\$ 1,650,000</b>            | <b>\$ 1,608,750</b>       | <b>\$ 0</b>                          | <b>0.0%</b>              |
| <b><u>Legislative Branch</u></b>                |                          |                                 |                                |                           |                                      |                          |
| Legislature                                     | \$ 24,113,347            | \$ 24,363,894                   | \$ 24,363,894                  | \$ 26,475,749             | \$ 2,111,855                         | 8.7%                     |

# Unassigned Standing

## General Fund

|   | Actual<br>FY 2003    | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005   | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|----------------------|--------------------------|-------------------------|----------------------|-------------------------------|-------------------|
|   | (1)                  | (2)                      | (3)                     | (4)                  | (5)                           | (6)               |
| <b><u>Governor</u></b>                      |                      |                          |                         |                      |                               |                   |
| Interstate Extradition Expense              | \$ 0                 | \$ 3,710                 | \$ 3,805                | \$ 3,710             | \$ 0                          | 0.0%              |
| <b><u>Human Services, Department of</u></b> |                      |                          |                         |                      |                               |                   |
| Commission of Inquiry                       | \$ 0                 | \$ 1,706                 | \$ 1,706                | \$ 1,706             | \$ 0                          | 0.0%              |
| Non Resident Transfer Mentally              | 0                    | 82                       | 82                      | 82                   | 0                             | 0.0%              |
| Non Resident Commitment                     | 66,716               | 174,704                  | 174,704                 | 174,704              | 0                             | 0.0%              |
| MH Property Tax Relief                      | 95,000,000           | 95,000,000               | 95,000,000              | 95,000,000           | 0                             | 0.0%              |
| <b>Total Human Services, Department of</b>  | <b>\$ 95,066,716</b> | <b>\$ 95,176,492</b>     | <b>\$ 95,176,492</b>    | <b>\$ 95,176,492</b> | <b>\$ 0</b>                   | <b>0.0%</b>       |
| <b><u>Management, Department of</u></b>     |                      |                          |                         |                      |                               |                   |
| Special Olympics Fund                       | \$ 30,000            | \$ 30,000                | \$ 30,000               | \$ 30,000            | \$ 0                          | 0.0%              |
| Appeal Board                                | 6,868,352            | 4,387,500                | 4,500,000               | 6,387,500            | 2,000,000                     | 45.6%             |
| <b>Total Management, Department of</b>      | <b>\$ 6,898,352</b>  | <b>\$ 4,417,500</b>      | <b>\$ 4,530,000</b>     | <b>\$ 6,417,500</b>  | <b>\$ 2,000,000</b>           | <b>45.3%</b>      |
| <b><u>Public Defense, Department of</u></b> |                      |                          |                         |                      |                               |                   |
| Compensation & Expense                      | \$ 240,585           | \$ 421,639               | \$ 432,450              | \$ 421,639           | \$ 0                          | 0.0%              |
| <b><u>Revenue, Dept. of</u></b>             |                      |                          |                         |                      |                               |                   |
| Machinery/Equip. Tax Replace.               | \$ 20,990,785        | \$ 10,999,643            | \$ 11,281,685           | \$ 0                 | \$ -10,999,643                | -100.0%           |
| Property Tax Replacement                    | 51,099,049           | 0                        | 0                       | 0                    | 0                             |                   |
| Printing Cigarette Stamps                   | 110,055              | 107,304                  | 110,055                 | 107,304              | 0                             | 0.0%              |
| Livestock Producers Credit                  | 1,792,533            | 1,770,342                | 1,815,735               | 1,770,342            | 0                             | 0.0%              |
| Homestead Tax Credit Aid                    | 105,584,616          | 102,945,379              | 105,585,004             | 120,400,000          | 17,454,621                    | 17.0%             |
| Ag Land Tax Credit                          | 35,482,244           | 34,610,183               | 35,497,624              | 20,000,000           | -14,610,183                   | -42.2%            |
| Military Service Tax Credit                 | 2,530,462            | 2,568,402                | 2,569,712               | 2,536,000            | -32,402                       | -1.3%             |
| Elderly & Disabled Tax Credit               | 15,765,986           | 16,235,505               | 16,651,800              | 19,540,000           | 3,304,495                     | 20.4%             |
| Franchise Tax Reimbursement                 | 7,986,649            | 8,580,000                | 8,800,000               | 0                    | -8,580,000                    | -100.0%           |

## Unassigned Standing General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Revenue, Dept. of (cont.)</u></b>     |                                 |  |                                       |                                  |   |                                 |
| Collection Agencies Reimburse               | -411,776                        | 0                                      | 0                                     | 0                                | 0   |                                 |
| Tobacco Enforcement                         | <u>0</u>                        | <u>50,000</u>                          | <u>25,000</u>                         | <u>25,000</u>                    | <u>-25,000</u>                              | -50.0%                          |
| <b>Total Revenue, Dept. of</b>              | <b>\$ 240,930,603</b>           | <b>\$ 177,866,758</b>                  | <b>\$ 182,336,615</b>                 | <b>\$ 164,378,646</b>            | <b>\$ -13,488,112</b>                       | <b>-7.6%</b>                    |
| <b><u>Secretary of State</u></b>            |                                 |  |                                       |                                  |   |                                 |
| Iowa Servicemens Ballot Comm                | \$ 0                            | \$ 3,412                               | \$ 0                                  | \$ 0                             | \$ -3,412                                   | -100.0%                         |
| <b><u>Transportation, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| Public Transit Assistance                   | \$ 8,949,693                    | \$ 8,267,156                           | \$ 0                                  | \$ 0                             | \$ -8,267,156                               | -100.0%                         |
| <b><u>Treasurer of State</u></b>            |                                 |  |                                       |                                  |   |                                 |
| Endowment For Iowa Health                   | <u>\$ 0</u>                     | <u>\$ 0</u>                            | <u>\$ 29,785,000</u>                  | <u>\$ 0</u>                      | <u>\$ 0</u>                                 |                                 |
| <b>Total Unassigned Standing</b>            | <b><u>\$ 2,251,599,093</u></b>  | <b><u>\$ 2,206,196,262</u></b>         | <b><u>\$ 2,331,666,429</u></b>        | <b><u>\$ 2,304,947,613</u></b>   | <b><u>\$ 98,751,351</u></b>                 | <b>4.5%</b>                     |

# Summary Data

## Non General Fund

|                               | Actual<br>FY 2003     | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005      | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|-------------------------------|-----------------------|--------------------------|-------------------------|-------------------------|-------------------------------|-------------------|
|                               | (1)                   | (2)                      | (3)                     | (4)                     | (5)                           | (6)               |
| Administration and Regulation | \$ 29,736,127         | \$ 26,914,695            | \$ 22,447,302           | \$ 42,447,302           | \$ 15,532,607                 | 57.7%             |
| Ag. and Natural Resources     | 34,880,111            | 37,104,524               | 37,644,800              | 37,629,524              | 525,000                       | 1.4%              |
| Economic Development          | 12,804,261            | 73,581,261               | 52,581,261              | 222,581,261             | 149,000,000                   | 202.5%            |
| Education                     | 70,053,250            | 2,153,250                | 2,153,250               | 2,153,250               | 0                             | 0.0%              |
| Health and Human Services     | 315,405,258           | 408,463,443              | 399,228,433             | 395,789,783             | -12,673,660                   | -3.1%             |
| Justice System                | 6,760,000             | 7,157,285                | 7,597,285               | 6,847,285               | -310,000                      | -4.3%             |
| Trans., Infra., and Capitals  | 495,441,908           | 490,298,546              | 685,134,295             | 562,674,831             | 72,376,285                    | 14.8%             |
| Unassigned Standing           | <u>24,320,000</u>     | <u>5,875,000</u>         | <u>9,875,000</u>        | <u>9,875,000</u>        | <u>4,000,000</u>              | 68.1%             |
| Grand Total                   | <u>\$ 989,400,915</u> | <u>\$ 1,051,548,004</u>  | <u>\$ 1,216,661,626</u> | <u>\$ 1,279,998,236</u> | <u>\$ 228,450,232</u>         | 21.7%             |

# Administration and Regulation

## Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Administrative Services, Dept. of</u></b>  |                                 |  |                                       |                                  |   |                                 |
| Administration State Fleet                       | \$ 0                            | \$ 1,043,175                           | \$ 0                                  | \$ 0                             | \$ -1,043,175                               | -100.0%                         |
| Primary Road HR Bureau                           | 0                               | 465,491                                | 465,491                               | 465,491                          | 0   | 0.0%                            |
| Ready to Work (Wkrs Comp)                        | 0                               | 89,416                                 | 89,416                                | 89,416                           | 0   | 0.0%                            |
| Road Use Tax HR Bureau                           | 0                               | 76,059                                 | 76,059                                | 76,059                           | 0   | 0.0%                            |
| Purchasing Operations                            | 0                               | 1,325,570                              | 0                                     | 0                                | -1,325,570                                  | -100.0%                         |
| Printing Operations                              | 0                               | 1,688,394                              | 0                                     | 0                                | -1,688,394                                  | -100.0%                         |
| <b>Total Administrative Services, Dept. of</b>   | <b>\$ 0</b>                     | <b>\$ 4,688,105</b>                    | <b>\$ 630,966</b>                     | <b>\$ 630,966</b>                | <b>\$ -4,057,139</b>                        | <b>-86.5%</b>                   |
| <b><u>Commerce, Department of</u></b>            |                                 |  |                                       |                                  |   |                                 |
| Prof. Lic. Div. - IDIED Housing                  | \$ 62,317                       | \$ 62,317                              | \$ 62,317                             | \$ 62,317                        | \$ 0  | 0.0%                            |
| <b><u>General Services, Dept. of</u></b>         |                                 |  |                                       |                                  |   |                                 |
| Centralized Purchasing Div.                      | \$ 1,118,960                    | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |
| State Fleet Administrator                        | 922,388                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| Central Print Division                           | 1,404,173                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total General Services, Dept. of</b>          | <b>\$ 3,445,521</b>             | <b>\$ 0</b>                            | <b>\$ 0</b>                           | <b>\$ 0</b>                      | <b>\$ 0</b>                                 |                                 |
| <b><u>Human Rights, Department of</u></b>        |                                 |  |                                       |                                  |   |                                 |
| Oil Overcharge Weatherization                    | \$ 25,000                       | \$ 50,000                              | \$ 0                                  | \$ 0                             | \$ -50,000                                  | -100.0%                         |
| <b><u>Inspections &amp; Appeals, Dept of</u></b> |                                 |  |                                       |                                  |   |                                 |
| Admin. Hearings Div.- Use Tax                    | \$ 1,222,111                    | \$ 1,325,631                           | \$ 1,325,632                          | \$ 1,325,632                     | \$ 1  | 0.0%                            |
| Health Facilities Div.- SLTF                     | 0                               | 800,000                                | 800,000                               | 800,000                          | 0   | 0.0%                            |
| <b>Total Inspections &amp; Appeals, Dept of</b>  | <b>\$ 1,222,111</b>             | <b>\$ 2,125,631</b>                    | <b>\$ 2,125,632</b>                   | <b>\$ 2,125,632</b>              | <b>\$ 1</b>                                 | <b>0.0%</b>                     |
| <b><u>Management, Department of</u></b>          |                                 |  |                                       |                                  |   |                                 |
| Road Use Tax Salary Adjustment                   | \$ 0                            | \$ 360,255                             | \$ 0                                  | \$ 5,000,000                     | \$ 4,639,745                                | 1287.9%                         |
| Primary Road Salary Adjustment                   | 2,395,580                       | 0                                      | 0                                     | 15,000,000                       | 15,000,000                                  |                                 |

# Administration and Regulation

## Non General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Management, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| General Office - RUTF                           | 56,000                          | 56,000                                 | 56,000                                | 56,000                           | 0   | 0.0%                            |
| RIIF Supplemental-CRF                           | 2,150,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Management, Department of</b>          | <b>\$ 4,601,580</b>             | <b>\$ 416,255</b>                      | <b>\$ 56,000</b>                      | <b>\$ 20,056,000</b>             | <b>\$ 19,639,745</b>                        | <b>4718.2%</b>                  |
| <b><u>Personnel, Department of</u></b>          |                                 |  |                                       |                                  |   |                                 |
| Ready to Work-Disabil. Fund                     | \$ 89,416                       | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |
| Primary Road HR Bureau                          | 440,369                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| Road Use Tax HR Bureau                          | 71,969                          | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Personnel, Department of</b>           | <b>\$ 601,754</b>               | <b>\$ 0</b>                            | <b>\$ 0</b>                           | <b>\$ 0</b>                      | <b>\$ 0</b>                                 |                                 |
| <b><u>IPERS Administration</u></b>              |                                 |  |                                       |                                  |   |                                 |
| IPERS Administration                            | \$ 8,407,066                    | \$ 8,879,900                           | \$ 8,879,900                          | \$ 8,879,900                     | \$ 0  | 0.0%                            |
| <b><u>Revenue, Dept. of</u></b>                 |                                 |  |                                       |                                  |   |                                 |
| MVFT - Administration                           | \$ 1,098,654                    | \$ 1,181,082                           | \$ 1,181,082                          | \$ 1,181,082                     | \$ 0  | 0.0%                            |
| Military Pay Differential-CRF                   | 1,810,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Revenue, Dept. of</b>                  | <b>\$ 2,908,654</b>             | <b>\$ 1,181,082</b>                    | <b>\$ 1,181,082</b>                   | <b>\$ 1,181,082</b>              | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b><u>Lottery</u></b>                           |                                 |  |                                       |                                  |   |                                 |
| Lottery Operations                              | \$ 8,462,124                    | \$ 9,511,405                           | \$ 9,511,405                          | \$ 9,511,405                     | \$ 0  | 0.0%                            |
| <b>Total Administration and Regulation</b>      | <b>\$ 29,736,127</b>            | <b>\$ 26,914,695</b>                   | <b>\$ 22,447,302</b>                  | <b>\$ 42,447,302</b>             | <b>\$ 15,532,607</b>                        | <b>57.7%</b>                    |

# Ag. and Natural Resources

## Non General Fund

|  | Actual<br>FY 2003    | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005   | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|----------------------|--------------------------|-------------------------|----------------------|-------------------------------|-------------------|
|  | (1)                  | (2)                      | (3)                     | (4)                  | (5)                           | (6)               |
| <b><u>Ag. &amp; Land Stewardship</u></b>       |                      |                          |                         |                      |                               |                   |
| Native Horse & Dog Program                     | \$ 305,516           | \$ 305,516               | \$ 320,792              | \$ 305,516           | \$ 0                          | 0.0%              |
| <b><u>Natural Resources, Department of</u></b> |                      |                          |                         |                      |                               |                   |
| Fish and Game Protection Fund                  | \$ 29,188,895        | \$ 30,715,335            | \$ 30,715,335           | \$ 30,715,335        | \$ 0                          | 0.0%              |
| Snowmobile Fees To F&G Fund                    | 100,000              | 100,000                  | 100,000                 | 100,000              | 0                             | 0.0%              |
| Boat Registration Fees To F&G                  | 1,400,000            | 1,400,000                | 1,400,000               | 1,400,000            | 0                             | 0.0%              |
| Underground Storage Tank Fund                  | 75,000               | 200,000                  | 800,000                 | 800,000              | 600,000                       | 300.0%            |
| Groundwater Protection Fund                    | 3,635,700            | 4,308,673                | 4,308,673               | 4,308,673            | 0                             | 0.0%              |
| Oil Overchar (EXXON)                           | 25,000               | 50,000                   | 0                       | 0                    | -50,000                       | -100.0%           |
| Oil Overcharge (Stripper Well)                 | 150,000              | 25,000                   | 0                       | 0                    | -25,000                       | -100.0%           |
| <b>Total Natural Resources, Department of</b>  | <b>\$ 34,574,595</b> | <b>\$ 36,799,008</b>     | <b>\$ 37,324,008</b>    | <b>\$ 37,324,008</b> | <b>\$ 525,000</b>             | <b>1.4%</b>       |
| <b>Total Ag. and Natural Resources</b>         | <b>\$ 34,880,111</b> | <b>\$ 37,104,524</b>     | <b>\$ 37,644,800</b>    | <b>\$ 37,629,524</b> | <b>\$ 525,000</b>             | <b>1.4%</b>       |

# Economic Development

## Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Economic Development, Dept. of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Economic Development, Dept of</b>         |                                 |  |                                       |                                  |   |                                 |
| Strategic Marketing - GIV                    | \$ 0                            | \$ 2,500,000                           | \$ 4,659,091                          | \$ 6,931,500                     | \$ 4,431,500                                | 177.3%                          |
| General Programs - GIV                       | 0                               | 45,000,000                             | 25,469,697                            | 37,895,000                       | -7,105,000                                  | -15.8%                          |
| Recents & Private Inst. - GIV                | 0                               | 6,000,000                              | 4,348,485                             | 6,469,400                        | 469,400                                     | 7.8%                            |
| Loan Guarantee Fund - GIV                    | 0                               | 2,500,000                              | 3,106,061                             | 4,621,000                        | 2,121,000                                   | 84.8%                           |
| Endow Iowa Tax Credits-GIV                   | 0                               | 0                                      | 155,303                               | 231,050                          | 231,050                                     |                                 |
| Endow Iowa Grants - GIV                      | 0                               | 0                                      | 155,303                               | 231,050                          | 231,050                                     |                                 |
| Targeted State Parks-GIV                     | 0                               | 500,000                                | 0                                     | 0                                | -500,000                                    | -100.0%                         |
| Iowa Cultural Trust-GIV                      | 0                               | 500,000                                | 0                                     | 0                                | -500,000                                    | -100.0%                         |
| Workforce Training - GIV                     | 0                               | 5,000,000                              | 3,106,060                             | 4,621,000                        | -379,000                                    | -7.6%                           |
| <b>Total Economic Development, Dept of</b>   | <b>0</b>                        | <b>62,000,000</b>                      | <b>41,000,000</b>                     | <b>61,000,000</b>                | <b>-1,000,000</b>                           | <b>-1.6%</b>                    |
| <b>Business Development</b>                  |                                 |  |                                       |                                  |   |                                 |
| Insurance Development                        | 100,000                         | 100,000                                | 100,000                               | 100,000                          | 0   | 0.0%                            |
| Workforce Dev. Approp.                       | 4,000,000                       | 4,000,000                              | 4,000,000                             | 4,000,000                        | 0   | 0.0%                            |
| <b>Total Business Development</b>            | <b>4,100,000</b>                | <b>4,100,000</b>                       | <b>4,100,000</b>                      | <b>4,100,000</b>                 | <b>0</b>                                    | <b>0.0%</b>                     |
| <b>Community &amp; Rural Devel.</b>          |                                 |  |                                       |                                  |   |                                 |
| Tourism Operations                           | 1,200,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| RC 2000 - Council of Gov.                    | 150,000                         | 150,000                                | 150,000                               | 150,000                          | 0   | 0.0%                            |
| RC 2000 - Rural Dev. Prg.                    | 173,000                         | 150,000                                | 150,000                               | 150,000                          | 0   | 0.0%                            |
| Community Dev. Loan Fund                     | 25,261                          | 25,261                                 | 25,261                                | 25,261                           | 0   | 0.0%                            |
| <b>Total Community &amp; Rural Devel.</b>    | <b>1,548,261</b>                | <b>325,261</b>                         | <b>325,261</b>                        | <b>325,261</b>                   | <b>0</b>                                    | <b>0.0%</b>                     |
| <b>Total Economic Development, Dept. of</b>  | <b>\$ 5,648,261</b>             | <b>\$ 66,425,261</b>                   | <b>\$ 45,425,261</b>                  | <b>\$ 65,425,261</b>             | <b>\$ -1,000,000</b>                        | <b>-1.5%</b>                    |
| <b><u>Iowa Workforce Development</u></b>     |                                 |  |                                       |                                  |   |                                 |
| Job Service ACS (Surcharge)                  | \$ 6,525,000                    | \$ 6,525,000                           | \$ 6,525,000                          | \$ 6,525,000                     | \$ 0  | 0.0%                            |

# Economic Development

## Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Iowa Workforce Development (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| Workers' Comp. Division                          | 471,000                         | 471,000                                | 471,000                               | 471,000                          | 0   | 0.0%                            |
| P&I Immigration Service Center                   | 160,000                         | 160,000                                | 160,000                               | 160,000                          | 0   | 0.0%                            |
| <b>Total Iowa Workforce Development</b>          | <b>\$ 7,156,000</b>             | <b>\$ 7,156,000</b>                    | <b>\$ 7,156,000</b>                   | <b>\$ 7,156,000</b>              | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b><u>Treasurer of State</u></b>                 |                                 |  |                                       |                                  |   |                                 |
| Cultural & Tourism Grants-Bonding                | \$ 0                            | \$ 0                                   | \$ 0                                  | \$ 50,000,000                    | \$ 50,000,000                               |                                 |
| Vision Iowa Grants-Bonding                       | 0                               | 0                                      | 0                                     | 100,000,000                      | 100,000,000                                 |                                 |
| <b>Total Treasurer of State</b>                  | <b>\$ 0</b>                     | <b>\$ 0</b>                            | <b>\$ 0</b>                           | <b>\$ 150,000,000</b>            | <b>\$ 150,000,000</b>                       |                                 |
| <b>Total Economic Development</b>                | <b>\$ 12,804,261</b>            | <b>\$ 73,581,261</b>                   | <b>\$ 52,581,261</b>                  | <b>\$ 222,581,261</b>            | <b>\$ 149,000,000</b>                       | <b>202.5%</b>                   |

# Education

## Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Education, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Education, Dept. of</b>             |                                 |  |                                       |                                  |   |                                 |
| Empowerment-HITT                       | \$ 1,153,250                    | \$ 2,153,250                           | \$ 2,153,250                          | \$ 2,153,250                     | \$ 0  | 0.0%                            |
| <b>Grants &amp; State Aid</b>          |                                 |  |                                       |                                  |   |                                 |
| School Foundation Aid-EEF              | 25,000,000                      | 0                                      | 0                                     | 0                                | 0   |                                 |
| School Aid - ENDW                      | 20,000,000                      | 0                                      | 0                                     | 0                                | 0   |                                 |
| Student Achieve-Prem. Tax              | 10,000,000                      | 0                                      | 0                                     | 0                                | 0   |                                 |
| Student Achievement-UST                | 8,900,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| Student Achievement-RIIF               | 5,000,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Grants &amp; State Aid</b>    | <u>68,900,000</u>               | <u>0</u>                               | <u>0</u>                              | <u>0</u>                         | <u>0</u>                                    |                                 |
| <b>Total Education, Department of</b>  | <u>\$ 70,053,250</u>            | <u>\$ 2,153,250</u>                    | <u>\$ 2,153,250</u>                   | <u>\$ 2,153,250</u>              | <u>\$ 0</u>                                 | 0.0%                            |
| <b>Total Education</b>                 | <u><u>\$ 70,053,250</u></u>     | <u><u>\$ 2,153,250</u></u>             | <u><u>\$ 2,153,250</u></u>            | <u><u>\$ 2,153,250</u></u>       | <u><u>\$ 0</u></u>                          | 0.0%                            |

# Health and Human Services

## Non General Fund

|   | Actual<br>FY 2003    | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005   | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|----------------------|--------------------------|-------------------------|----------------------|-------------------------------|-------------------|
|   | (1)                  | (2)                      | (3)                     | (4)                  | (5)                           | (6)               |
| <b><u>Elder Affairs, Department of</u></b>  |                      |                          |                         |                      |                               |                   |
| Aging Programs-SLTF                         | \$ 6,592,292         | \$ 7,522,118             | \$ 7,522,118            | \$ 7,522,118         | \$ 0                          | 0.0%              |
| <b><u>Health, Department of Public</u></b>  |                      |                          |                         |                      |                               |                   |
| Tobacco Use Prev./Control-HITT              | \$ 5,000,000         | \$ 5,011,565             | \$ 5,011,565            | \$ 5,011,565         | \$ 0                          | 0.0%              |
| Sub Abuse Prevention - HITT                 | 0                    | 400,000                  | 400,000                 | 400,000              | 0                             | 0.0%              |
| Smoking Cessation Prod.- HITT               | 75,000               | 75,000                   | 75,000                  | 75,000               | 0                             | 0.0%              |
| Substance Abuse-HITT                        | 10,000,000           | 11,800,000               | 11,800,000              | 11,800,000           | 0                             | 0.0%              |
| Healthy Iowans 2010 - HITT                  | 2,390,064            | 2,346,960                | 2,346,960               | 2,346,960            | 0                             | 0.0%              |
| Addictive Disorders-Gambling                | 1,690,000            | 1,690,000                | 1,690,000               | 1,690,000            | 0                             | 0.0%              |
| Gambling Treatment Program                  | 1,990,509            | 2,031,000                | 2,031,000               | 2,231,000            | 200,000                       | 9.8%              |
| <b>Total Health, Department of Public</b>   | <b>\$ 21,145,573</b> | <b>\$ 23,354,525</b>     | <b>\$ 23,354,525</b>    | <b>\$ 23,554,525</b> | <b>\$ 200,000</b>             | <b>0.9%</b>       |
| <b><u>Human Services, Department of</u></b> |                      |                          |                         |                      |                               |                   |
| <b>Medical Services</b>                     |                      |                          |                         |                      |                               |                   |
| Phys Et Al Provider Inc-HITT                | \$ 8,095,718         | \$ 8,095,718             | \$ 8,095,718            | \$ 8,095,718         | \$ 0                          | 0.0%              |
| Dental Provider Inc-HITT                    | 3,814,973            | 3,814,973                | 3,814,973               | 3,814,973            | 0                             | 0.0%              |
| Hospital Provider Inc-HITT                  | 3,035,278            | 3,035,278                | 3,035,278               | 3,035,278            | 0                             | 0.0%              |
| Home Hlth Care Prov Inc-HITT                | 2,108,279            | 2,108,279                | 2,108,279               | 2,108,279            | 0                             | 0.0%              |
| Critical Access Hospitals-HITT              | 250,000              | 250,000                  | 250,000                 | 250,000              | 0                             | 0.0%              |
| Home Hlth & Hab. Day Care Exp.              | 1,975,496            | 1,975,496                | 1,975,496               | 1,975,496            | 0                             | 0.0%              |
| Respite Care Expansion-HITT                 | 1,137,309            | 1,137,309                | 1,137,309               | 1,137,309            | 0                             | 0.0%              |
| Med Assist Supplemental-HITT                | 17,500,000           | 14,346,750               | 14,346,750              | 14,346,750           | 0                             | 0.0%              |
| CHIP Exp. to 200% of FPL-HITT               | 200,000              | 200,000                  | 200,000                 | 200,000              | 0                             | 0.0%              |
| Breast Cancer Treatment                     | 250,000              | 250,000                  | 250,000                 | 250,000              | 0                             | 0.0%              |
| HIPAA Implementation                        | 2,100,000            | 0                        | 0                       | 0                    | 0                             | 0.0%              |
| Nurse Facility Grants-SLTF                  | 2,560,435            | 20,000,000               | 20,000,000              | 20,000,000           | 0                             | 0.0%              |
| LTC Alternative Services-SLTF               | 45,465,000           | 101,600,000              | 101,600,000             | 91,600,000           | -10,000,000                   | -9.8%             |
| LTC-Alt. Service Costs-SLTF                 | 1,733,406            | 1,733,406                | 1,733,406               | 1,733,406            | 0                             | 0.0%              |

# Health and Human Services

## Non General Fund

|  | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|--|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b>Human Services, Department of (cont.)</b> |                          |                                 |                                |                           |                                      |                          |
| <b>Medical Services (cont.)</b>              |                          |                                 |                                |                           |                                      |                          |
| LTC Provider Rate Chngs-SLTF                 | 29,950,000               | 29,950,000                      | 29,950,000                     | 29,950,000                | 0                                    | 0.0%                     |
| Medicaid-Hospital Trust Fund                 | 19,000,000               | 29,000,000                      | 29,000,000                     | 35,000,000                | 6,000,000                            | 20.7%                    |
| Medical Assistance-GF Trans                  | 6,600,000                | 6,600,000                       | 6,600,000                      | 6,600,000                 | 0                                    | 0.0%                     |
| <b>Total Medical Services</b>                | <b>145,775,894</b>       | <b>224,097,209</b>              | <b>224,097,209</b>             | <b>220,097,209</b>        | <b>-4,000,000</b>                    | <b>-1.8%</b>             |
| <b>Child and Family Services</b>             |                          |                                 |                                |                           |                                      |                          |
| RTSS Provider Increase-HITT                  | 3,243,026                | 3,243,026                       | 3,243,026                      | 3,243,026                 | 0                                    | 0.0%                     |
| Adoption, Il, Sc, Hs Prov-HITT               | 468,967                  | 468,967                         | 468,967                        | 468,967                   | 0                                    | 0.0%                     |
| Provider Rate/Meth Chgs-HITT                 | 545,630                  | 545,630                         | 545,630                        | 545,630                   | 0                                    | 0.0%                     |
| <b>Total Child and Family Services</b>       | <b>4,257,623</b>         | <b>4,257,623</b>                | <b>4,257,623</b>               | <b>4,257,623</b>          | <b>0</b>                             | <b>0.0%</b>              |
| <b>MH/MR/DD/BI</b>                           |                          |                                 |                                |                           |                                      |                          |
| POS Provider Increase-HITT                   | 146,750                  | 146,750                         | 146,750                        | 146,750                   | 0                                    | 0.0%                     |
| <b>Federal Funds - TANF, etc.</b>            |                          |                                 |                                |                           |                                      |                          |
| FIP - TANF                                   | 41,431,748               | 51,492,790                      | 45,277,569                     | 45,277,569                | -6,215,221                           | -12.1%                   |
| Promise Jobs - TANF                          | 12,596,034               | 13,412,794                      | 13,412,794                     | 13,412,794                | 0                                    | 0.0%                     |
| Field Operations - TANF                      | 17,235,056               | 20,501,440                      | 20,780,864                     | 20,780,864                | 279,424                              | 1.4%                     |
| General Admin. - TANF                        | 3,238,614                | 3,638,614                       | 3,660,030                      | 3,660,030                 | 21,416                               | 0.6%                     |
| Local Admin. Cost - TANF                     | 2,122,982                | 2,122,982                       | 2,136,565                      | 2,136,565                 | 13,583                               | 0.6%                     |
| State Day Care - TANF                        | 28,638,329               | 21,145,765                      | 18,073,746                     | 18,073,746                | -3,072,019                           | -14.5%                   |
| Emerg. Assist. - TANF                        | 999,117                  | 0                               | 0                              | 0                         | 0                                    |                          |
| Child & Fam. Serv. - TANF                    | 22,896,571               | 25,256,571                      | 25,275,728                     | 25,275,728                | 19,157                               | 0.1%                     |
| Child Abuse Prevention-TANF                  | 250,000                  | 250,000                         | 250,000                        | 250,000                   | 0                                    | 0.0%                     |
| Pregnancy Prevent. - TANF                    | 1,201,994                | 2,514,413                       | 1,980,823                      | 2,514,413                 | 0                                    | 0.0%                     |
| Training & Tech. - TANF                      | 114,617                  | 1,037,186                       | 1,037,186                      | 1,037,186                 | 0                                    | 0.0%                     |
| Volunteers - TANF                            | 42,663                   | 42,663                          | 42,663                         | 42,663                    | 0                                    | 0.0%                     |
| Ind. Dev. Accts.-TANF                        | 166,305                  | 0                               | 0                              | 0                         | 0                                    |                          |
| HOPES - Transfer to DPH-TANF                 | 200,000                  | 200,000                         | 200,000                        | 200,000                   | 0                                    | 0.0%                     |

# Health and Human Services

## Non General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Human Services, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Federal Funds - TANF, etc. (cont.)</b>           |                                 |  |                                       |                                  |   |                                 |
| 0-5 Children - TANF                                 | 6,353,096                       | 7,350,000                              | 7,350,000                             | 7,350,000                        | 0   | 0.0%                            |
| Fatherhood Initiative - TANF                        | 0                               | 35,000                                 | 0                                     | 0                                | -35,000                                     | -100.0%                         |
| Marriage Initiative - TANF                          | 0                               | 85,000                                 | 0                                     | 0                                | -85,000                                     | -100.0%                         |
| Child Support Recovery-TANF                         | 0                               | 0                                      | 200,000                               | 200,000                          | 200,000                                     |                                 |
| <b>Total Federal Funds - TANF, etc.</b>             | <u>137,487,126</u>              | <u>149,085,218</u>                     | <u>139,677,968</u>                    | <u>140,211,558</u>               | <u>-8,873,660</u>                           | -6.0%                           |
| <b>Total Human Services, Department of</b>          | <u>\$ 287,667,393</u>           | <u>\$ 377,586,800</u>                  | <u>\$ 368,179,550</u>                 | <u>\$ 364,713,140</u>            | <u>\$ -12,873,660</u>                       | -3.4%                           |
| <b><u>Veterans Affairs, Comm. of</u></b>            |                                 |  |                                       |                                  |   |                                 |
| Vets Home - Pool Tech                               | <u>\$ 0</u>                     | <u>\$ 0</u>                            | <u>\$ 172,240</u>                     | <u>\$ 0</u>                      | <u>\$ 0</u>                                 |                                 |
| <b>Total Health and Human Services</b>              | <u><u>\$ 315,405,258</u></u>    | <u><u>\$ 408,463,443</u></u>           | <u><u>\$ 399,228,433</u></u>          | <u><u>\$ 395,789,783</u></u>     | <u><u>\$ -12,673,660</u></u>                | -3.1%                           |

# Justice System

## Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Corrections, Department of</u></b>   |                                 |  |                                       |                                  |   |                                 |
| <b>CBC Districts</b>                       |                                 |  |                                       |                                  |   |                                 |
| CBC District II - HITT                     | \$ 127,217                      | \$ 127,217                             | \$ 127,217                            | \$ 127,217                       | \$ 0  | 0.0%                            |
| CBC District III - HITT                    | 35,359                          | 35,359                                 | 35,359                                | 35,359                           | 0   | 0.0%                            |
| CBC District IV - HITT                     | 191,731                         | 191,731                                | 191,731                               | 191,731                          | 0   | 0.0%                            |
| CBC District V - HITT                      | 255,693                         | 255,693                                | 255,693                               | 255,693                          | 0   | 0.0%                            |
| <b>Total CBC Districts</b>                 | <u>610,000</u>                  | <u>610,000</u>                         | <u>610,000</u>                        | <u>610,000</u>                   | <u>0</u>                                    | <u>0.0%</u>                     |
| <b>Corrections Central Office</b>          |                                 |  |                                       |                                  |   |                                 |
| DOC Technology-Pool Tech                   | 0                               | 0                                      | 750,000                               | 0                                | 0   |                                 |
| <b>Corrections Institutions</b>            |                                 |  |                                       |                                  |   |                                 |
| Clinical Care Unit-HITT                    | 1,100,000                       | 1,187,285                              | 1,187,285                             | 1,187,285                        | 0   | 0.0%                            |
| Newton Value Based - HITT                  | 0                               | 310,000                                | 0                                     | 0                                | -310,000                                    | -100.0%                         |
| <b>Total Corrections Institutions</b>      | <u>1,100,000</u>                | <u>1,497,285</u>                       | <u>1,187,285</u>                      | <u>1,187,285</u>                 | <u>-310,000</u>                             | <u>-20.7%</u>                   |
| <b>Total Corrections, Department of</b>    | <u>\$ 1,710,000</u>             | <u>\$ 2,107,285</u>                    | <u>\$ 2,547,285</u>                   | <u>\$ 1,797,285</u>              | <u>\$ -310,000</u>                          | <u>-14.7%</u>                   |
| <b><u>Judicial Branch</u></b>              |                                 |  |                                       |                                  |   |                                 |
| Enhanced Court Collect                     | \$ 4,000,000                    | \$ 4,000,000                           | \$ 4,000,000                          | \$ 4,000,000                     | \$ 0  | 0.0%                            |
| Court Tech & Modern Fund                   | 1,000,000                       | 1,000,000                              | 1,000,000                             | 1,000,000                        | 0   | 0.0%                            |
| <b>Total Judicial Branch</b>               | <u>\$ 5,000,000</u>             | <u>\$ 5,000,000</u>                    | <u>\$ 5,000,000</u>                   | <u>\$ 5,000,000</u>              | <u>\$ 0</u>                                 | <u>0.0%</u>                     |
| <b><u>Public Safety, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| Fire Marshal School Infra.                 | \$ 50,000                       | \$ 50,000                              | \$ 50,000                             | \$ 50,000                        | \$ 0  | 0.0%                            |
| <b>Total Justice System</b>                | <u>\$ 6,760,000</u>             | <u>\$ 7,157,285</u>                    | <u>\$ 7,597,285</u>                   | <u>\$ 6,847,285</u>              | <u>\$ -310,000</u>                          | <u>-4.3%</u>                    |

## Trans., Infra., and Capitals Non General Fund

|  | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|--|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b><u>Administrative Services Capitals</u></b> |                          |                                 |                                |                           |                                      |                          |
| Statewide Routine Maint-RIIF                   | \$ 0                     | \$ 1,664,000                    | \$ 19,710,000                  | \$ 4,000,000              | \$ 2,336,000                         | 140.4%                   |
| Major Maintenance-RCF                          | 15,750,000               | 11,500,000                      | 17,535,000                     | 0                         | -11,500,000                          | -100.0%                  |
| Records & Prop. Renov-RCF                      | 1,600,000                | 0                               | 9,700,000                      | 0                         | 0                                    |                          |
| Records & Prop. Renov.-RIIF                    | 0                        | 4,750,000                       | 0                              | 0                         | -4,750,000                           | -100.0%                  |
| Capitol Interior Rest. - RCF                   | 5,000,000                | 6,239,000                       | 9,160,000                      | 0                         | -6,239,000                           | -100.0%                  |
| Integrated Info. System - RCF                  | 4,400,000                | 6,131,075                       | 6,049,284                      | 6,049,284                 | -81,791                              | -1.3%                    |
| Temp. Lease/Relocation-RIIF                    | 898,000                  | 631,449                         | 2,271,617                      | 2,271,617                 | 1,640,168                            | 259.7%                   |
| Parking Lot Design/Removal-RCF                 | 93,000                   | 0                               | 2,040,000                      | 0                         | 0                                    |                          |
| Court Avenue Bridge-RCF                        | 0                        | 0                               | 1,250,000                      | 0                         | 0                                    |                          |
| Capitol Exterior Rest.-RIIF                    | 0                        | 0                               | 570,000                        | 0                         | 0                                    |                          |
| Parking Lots/Walks-RCF                         | 0                        | 0                               | 500,000                        | 0                         | 0                                    |                          |
| Utility Tunnel Repairs-RCF                     | 0                        | 0                               | 500,000                        | 0                         | 0                                    |                          |
| Wallace Bldg. Demolition-RCF                   | 0                        | 0                               | 500,000                        | 0                         | 0                                    |                          |
| Property Acquisition - RCF                     | 0                        | 0                               | 350,000                        | 0                         | 0                                    |                          |
| Lucas/Capitol Tunnel - RCF                     | 0                        | 0                               | 250,000                        | 0                         | 0                                    |                          |
| Capitol Complex Metering-RCF                   | 0                        | 0                               | 250,000                        | 0                         | 0                                    |                          |
| Lab Fac. Routine Maint.-RIIF                   | 0                        | 0                               | 160,000                        | 160,000                   | 160,000                              |                          |
| State Laboratory Facility-RCF                  | 16,670,000               | 16,660,000                      | 0                              | 0                         | -16,660,000                          | -100.0%                  |
| Pooled Technology-RIIF                         | 0                        | 2,000,000                       | 0                              | 4,000,000                 | 2,000,000                            | 100.0%                   |
| Records Relocation - RIIF                      | 0                        | 729,237                         | 0                              | 0                         | -729,237                             | -100.0%                  |
| African American Museum-RIIF                   | 0                        | 300,000                         | 0                              | 0                         | -300,000                             | -100.0%                  |
| Medical & Ed Bldg - RIIF                       | 0                        | 250,000                         | 0                              | 0                         | -250,000                             | -100.0%                  |
| Wallace Bldg Demo. Plan-RIIF                   | 0                        | 50,000                          | 0                              | 0                         | -50,000                              | -100.0%                  |
| Capitol Complex Security-RCF                   | 1,000,000                | 0                               | 0                              | 0                         | 0                                    |                          |
| Micrographic Demolition-RCF                    | 170,000                  | 0                               | 0                              | 0                         | 0                                    |                          |
| Capitol Rest. Interior-RCF                     | 2,700,000                | 0                               | 0                              | 0                         | 0                                    |                          |
| Parking Structure - RCF                        | 3,400,000                | 0                               | 0                              | 0                         | 0                                    |                          |
| Enterprise Data Warehouse-RIIF                 | 624,000                  | 0                               | 0                              | 0                         | 0                                    |                          |

## Trans., Infra., and Capitals Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Administrative Services Capitals (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| Major Maintenance-Bonding                              | 0                               | 0                                      | 0                                     | 62,000,000                       | 62,000,000                                  |                                 |
| ADA Improvements-Bonding                               | 0                               | 0                                      | 0                                     | 7,239,605                        | 7,239,605                                   |                                 |
| Records & Property-Bonding                             | 0                               | 0                                      | 0                                     | 9,700,000                        | 9,700,000                                   |                                 |
| <b>Total Administrative Services Capitals</b>          | <b>\$ 52,305,000</b>            | <b>\$ 50,904,761</b>                   | <b>\$ 70,795,901</b>                  | <b>\$ 95,420,506</b>             | <b>\$ 44,515,745</b>                        | <b>87.4%</b>                    |
| <b><u>Ag. &amp; Land Stewardship</u></b>               |                                 |  |                                       |                                  |   |                                 |
| Soil Cons. Cost Share-EFF                              | \$ 3,500,000                    | \$ 5,500,000                           | \$ 8,500,000                          | \$ 5,500,000                     | \$ 0  | 0.0%                            |
| Watershed Protection Prog-EFF                          | 2,700,000                       | 2,700,000                              | 5,400,000                             | 2,700,000                        | 0   | 0.0%                            |
| Cons. Reserve Prog (CRP)-EFF                           | 0                               | 2,000,000                              | 3,000,000                             | 2,000,000                        | 0   | 0.0%                            |
| Cons. Res Enhance (CREP)-EFF                           | 1,500,000                       | 1,500,000                              | 3,000,000                             | 1,500,000                        | 0   | 0.0%                            |
| Agri. Drainage Wells-EFF                               | 0                               | 500,000                                | 2,500,000                             | 500,000                          | 0   | 0.0%                            |
| Farm Demonstration Prog.-EFF                           | 500,000                         | 850,000                                | 1,500,000                             | 850,000                          | 0   | 0.0%                            |
| Loess Hills Cons. Auth.-EFF                            | 0                               | 600,000                                | 600,000                               | 600,000                          | 0   | 0.0%                            |
| So. IA Cons. Authority - EFF                           | 0                               | 300,000                                | 300,000                               | 300,000                          | 0   | 0.0%                            |
| <b>Total Ag. &amp; Land Stewardship</b>                | <b>\$ 8,200,000</b>             | <b>\$ 13,950,000</b>                   | <b>\$ 24,800,000</b>                  | <b>\$ 13,950,000</b>             | <b>\$ 0</b>                                 | <b>0.0%</b>                     |
| <b><u>Dept. for the Blind Capitals</u></b>             |                                 |  |                                       |                                  |   |                                 |
| Orientation Center Impr-RCF                            | \$ 0                            | \$ 0                                   | \$ 67,000                             | \$ 67,000                        | \$ 67,000                                   |                                 |
| <b><u>DED Capitals</u></b>                             |                                 |  |                                       |                                  |   |                                 |
| ACE Program - RCF                                      | \$ 2,500,000                    | \$ 2,500,000                           | \$ 5,000,000                          | \$ 5,000,000                     | \$ 2,500,000                                | 100.0%                          |
| ACE Program - RIIF                                     | 0                               | 3,000,000                              | 3,000,000                             | 0                                | -3,000,000                                  | -100.0%                         |
| Local Housing Assist.-RIIF                             | 0                               | 800,000                                | 800,000                               | 800,000                          | 0   | 0.0%                            |
| Brownfields Redev. Prog-EFF                            | 0                               | 500,000                                | 500,000                               | 500,000                          | 0   | 0.0%                            |
| Advanced Research - RIIF/RCF                           | 3,268,696                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total DED Capitals</b>                              | <b>\$ 5,768,696</b>             | <b>\$ 6,800,000</b>                    | <b>\$ 9,300,000</b>                   | <b>\$ 6,300,000</b>              | <b>\$ -500,000</b>                          | <b>-7.4%</b>                    |

# Trans., Infra., and Capitals

## Non General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>IA Telecommun &amp; Technology Commission</u></b> |                                 |  |                                       |                                  |   |                                 |
| ICN-ATM Conversion-RCF                                  | \$ 5,000,000                    | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |
| <b><u>Transportation, Department of</u></b>             |                                 |  |                                       |                                  |   |                                 |
| <b>Road Use Tax Fund</b>                                |                                 |  |                                       |                                  |   |                                 |
| Operations  | \$ 5,056,319                    | \$ 6,081,902                           | \$ 5,357,153                          | \$ 5,357,153                     | \$ -724,749                                 | -11.9%                          |
| Administrative Services                                 | 517,083                         | 626,489                                | 553,964                               | 553,964                          | -72,525                                     | -11.6%                          |
| Planning  | 461,698                         | 470,073                                | 460,225                               | 460,225                          | -9,848                                      | -2.1%                           |
| Motor Vehicles  | 28,357,256                      | 30,444,470                             | 30,378,726                            | 30,378,726                       | -65,744                                     | -0.2%                           |
| Driver's Lic. Equip Lease                               | 3,997,000                       | 2,820,000                              | 2,820,000                             | 2,820,000                        | 0   | 0.0%                            |
| Personnel Reimbursement                                 | 37,500                          | 37,500                                 | 37,500                                | 37,500                           | 0   | 0.0%                            |
| Unemployment Compensation                               | 17,000                          | 17,000                                 | 17,000                                | 17,000                           | 0   | 0.0%                            |
| Workers' Compensation                                   | 77,000                          | 77,000                                 | 95,000                                | 95,000                           | 18,000                                      | 23.4%                           |
| Indirect Cost Recoveries                                | 102,000                         | 102,000                                | 102,000                               | 102,000                          | 0   | 0.0%                            |
| Auditor Reimbursement                                   | 54,314                          | 54,314                                 | 54,314                                | 54,314                           | 0   | 0.0%                            |
| County DL Issuance                                      | 30,000                          | 30,000                                 | 0                                     | 0                                | -30,000                                     | -100.0%                         |
| 511 Road/Weather Info. System                           | 100,000                         | 100,000                                | 100,000                               | 100,000                          | 0   | 0.0%                            |
| Vehicle Reg. System Rewrite                             | 5,000,000                       | 5,000,000                              | 0                                     | 0                                | -5,000,000                                  | -100.0%                         |
| Mississippi River Pkwy Comm.                            | 40,000                          | 40,000                                 | 40,000                                | 40,000                           | 0   | 0.0%                            |
| Super Highway Coalition                                 | 50,000                          | 50,000                                 | 0                                     | 0                                | -50,000                                     | -100.0%                         |
| Scale & Inspection Sites                                | 0                               | 200,000                                | 0                                     | 0                                | -200,000                                    | -100.0%                         |
| MVD - County Treasurers                                 | 0                               | 0                                      | 1,096,000                             | 1,096,000                        | 1,096,000                                   |                                 |
| <b>Total Road Use Tax Fund</b>                          | <b>43,897,170</b>               | <b>46,150,748</b>                      | <b>41,111,882</b>                     | <b>41,111,882</b>                | <b>-5,038,866</b>                           | <b>-10.9%</b>                   |
| <b>Primary Road Fund</b>                                |                                 |  |                                       |                                  |   |                                 |
| Operations  | 31,594,630                      | 32,463,476                             | 32,908,225                            | 32,908,225                       | 444,749                                     | 1.4%                            |
| Administrative Services                                 | 3,182,316                       | 3,330,395                              | 3,402,920                             | 3,402,920                        | 72,525                                      | 2.2%                            |
| Planning  | 8,772,302                       | 8,734,445                              | 8,744,293                             | 8,744,293                        | 9,848                                       | 0.1%                            |
| Highways  | 170,540,659                     | 181,933,014                            | 180,533,015                           | 180,533,015                      | -1,399,999                                  | -0.8%                           |
| Motor Vehicles  | 2,240,462                       | 1,225,994                              | 1,226,838                             | 1,226,838                        | 844   | 0.1%                            |

# Trans., Infra., and Capitals

## Non General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Transportation, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Primary Road Fund (cont.)</b>                    |                                 |  |                                       |                                  |   |                                 |
| Personnel Reimbursement                             | 712,500                         | 712,500                                | 712,500                               | 712,500                          | 0   | 0.0%                            |
| Unemployment Compensation                           | 328,000                         | 328,000                                | 328,000                               | 328,000                          | 0   | 0.0%                            |
| Workers' Compensation                               | 1,883,000                       | 1,883,000                              | 2,268,000                             | 2,268,000                        | 385,000                                     | 20.4%                           |
| Hazardous Waste Management                          | 800,000                         | 800,000                                | 800,000                               | 800,000                          | 0   | 0.0%                            |
| Indirect Cost Recoveries                            | 748,000                         | 748,000                                | 748,000                               | 748,000                          | 0   | 0.0%                            |
| Auditor Reimbursement                               | 336,036                         | 336,036                                | 336,036                               | 336,036                          | 0   | 0.0%                            |
| Transportation Maps                                 | 275,000                         | 275,000                                | 275,000                               | 275,000                          | 0   | 0.0%                            |
| Garage Roofing Projects                             | 400,000                         | 300,000                                | 0                                     | 0                                | -300,000                                    | -100.0%                         |
| Maintenance Garages                                 | 0                               | 2,000,000                              | 0                                     | 0                                | -2,000,000                                  | -100.0%                         |
| Field Facility Deferred Maint.                      | 351,500                         | 351,500                                | 351,500                               | 351,500                          | 0   | 0.0%                            |
| Heating System Replacements                         | 200,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| ADA Improvements                                    | 200,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| Admin. Bldg. Improvements                           | 2,000,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| Facility Utility Improvements                       | 200,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| I-3 Implementation                                  | 0                               | 0                                      | 2,500,000                             | 2,500,000                        | 2,500,000                                   |                                 |
| DOT Complex Projects                                | 0                               | 0                                      | 650,000                               | 650,000                          | 650,000                                     |                                 |
| <b>Total Primary Road Fund</b>                      | <u>224,764,405</u>              | <u>235,421,360</u>                     | <u>235,784,327</u>                    | <u>235,784,327</u>               | <u>362,967</u>                              | 0.2%                            |
| <b>Total Transportation, Department of</b>          | <u>\$ 268,661,575</u>           | <u>\$ 281,572,108</u>                  | <u>\$ 276,896,209</u>                 | <u>\$ 276,896,209</u>            | <u>\$ -4,675,899</u>                        | -1.7%                           |
| <b><u>Treasurer of State</u></b>                    |                                 |  |                                       |                                  |   |                                 |
| ICN Debt Service - RCF                              | \$ 13,044,784                   | \$ 13,039,378                          | \$ 13,359,555                         | \$ 13,039,778                    | \$ 400                                      | 0.0%                            |
| Comm. Attract. & Tourism-RCF                        | 12,500,000                      | 12,500,000                             | 12,500,000                            | 10,000,000                       | -2,500,000                                  | -20.0%                          |
| Prison Bond Debt Ser.-RCF                           | 5,417,250                       | 5,411,986                              | 5,185,576                             | 5,413,324                        | 1,338                                       | 0.0%                            |
| County Fair Improvements-RCF                        | 1,060,000                       | 1,060,000                              | 1,060,000                             | 1,060,000                        | 0   | 0.0%                            |
| Attorney Litigation Fees-RCF                        | 15,570,076                      | 700,000                                | 0                                     | 0                                | -700,000                                    | -100.0%                         |
| <b>Total Treasurer of State</b>                     | <u>\$ 47,592,110</u>            | <u>\$ 32,711,364</u>                   | <u>\$ 32,105,131</u>                  | <u>\$ 29,513,102</u>             | <u>\$ -3,198,262</u>                        | -9.8%                           |

## Trans., Infra., and Capitals Non General Fund

|  | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|--|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b><u>Corrections Capital</u></b>          |                          |                                 |                                |                           |                                      |                          |
| Major Maintenance - RCF                    | \$ 0                     | \$ 0                            | \$ 52,576,295                  | \$ 0                      | \$ 0                                 |                          |
| Oakdale Expansion - RCF                    | 4,100,000                | 7,500,000                       | 11,700,000                     | 0                         | -7,500,000                           | -100.0%                  |
| Davenport CBC Facility-RCF                 | 0                        | 0                               | 10,500,000                     | 0                         | 0                                    |                          |
| Fort Dodge CBC Facility-RCF                | 0                        | 0                               | 3,900,000                      | 0                         | 0                                    |                          |
| Anamosa Dietary Renov.-RCF                 | 0                        | 0                               | 3,380,000                      | 0                         | 0                                    |                          |
| Mitchelville Water Treat.-RCF              | 0                        | 0                               | 636,000                        | 0                         | 0                                    |                          |
| Ft. Madison-Alliant Engy-RIIF              | 333,168                  | 333,168                         | 333,168                        | 333,168                   | 0                                    | 0.0%                     |
| Clarinda Bed Expansion-RIIF                | 0                        | 730,400                         | 0                              | 0                         | -730,400                             | -100.0%                  |
| Luster Heights Expansion-RIIF              | 0                        | 92,000                          | 0                              | 0                         | -92,000                              | -100.0%                  |
| Inst. Perimeter Fence-RCF                  | 3,523,850                | 0                               | 0                              | 0                         | 0                                    |                          |
| Ft. Madison Sp. Needs-RCF                  | 2,000,000                | 0                               | 0                              | 0                         | 0                                    |                          |
| Oakdale Prison-Bonding                     | 0                        | 0                               | 0                              | 23,400,000                | 23,400,000                           |                          |
| Davenport CBC Facility-Bonding             | 0                        | 0                               | 0                              | 10,500,000                | 10,500,000                           |                          |
| <b>Total Corrections Capital</b>           | <b>\$ 9,957,018</b>      | <b>\$ 8,655,568</b>             | <b>\$ 83,025,463</b>           | <b>\$ 34,233,168</b>      | <b>\$ 25,577,600</b>                 | <b>295.5%</b>            |
| <b><u>Cultural Affairs Capital</u></b>     |                          |                                 |                                |                           |                                      |                          |
| Historical Site Pres. - RIIF               | \$ 0                     | \$ 830,000                      | \$ 830,000                     | \$ 830,000                | \$ 0                                 | 0.0%                     |
| Battle Flag Preservation-RIIF              | 100,000                  | 150,000                         | 100,000                        | 100,000                   | -50,000                              | -33.3%                   |
| Historical Society - RIIF                  | 0                        | 125,000                         | 0                              | 0                         | -125,000                             | -100.0%                  |
| <b>Total Cultural Affairs Capital</b>      | <b>\$ 100,000</b>        | <b>\$ 1,105,000</b>             | <b>\$ 930,000</b>              | <b>\$ 930,000</b>         | <b>\$ -175,000</b>                   | <b>-15.8%</b>            |
| <b><u>State Fair Authority Capital</u></b> |                          |                                 |                                |                           |                                      |                          |
| Capital Improvements-RCF                   | \$ 500,000               | \$ 500,000                      | \$ 0                           | \$ 0                      | \$ -500,000                          | -100.0%                  |
| <b><u>Human Services Capital</u></b>       |                          |                                 |                                |                           |                                      |                          |
| Facility Maintenance-RCF                   | \$ 0                     | \$ 0                            | \$ 9,240,114                   | \$ 0                      | \$ 0                                 |                          |
| Routine Maintenance-RCF                    | 0                        | 0                               | 5,243,177                      | 0                         | 0                                    |                          |
| Health & Safety Impr.-RCF                  | 0                        | 0                               | 4,183,368                      | 0                         | 0                                    |                          |

## Trans., Infra., and Capitals Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Human Services Capital (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| Major Capital Projects-RCF                   | 0                               | 0                                      | 1,970,000                             | 0                                | 0   |                                 |
| ADA Capitals-RCF                             | 0                               | 0                                      | 1,617,000                             | 0                                | 0   |                                 |
| Alternative Ser. Facility-RCF                | 200,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Human Services Capital</b>          | <b>\$ 200,000</b>               | <b>\$ 0</b>                            | <b>\$ 22,253,659</b>                  | <b>\$ 0</b>                      | <b>\$ 0</b>                                 |                                 |
| <b><u>Natural Resources Capital</u></b>      |                                 |  |                                       |                                  |   |                                 |
| REAP Program - EFF                           | \$ 2,000,000                    | \$ 11,000,000                          | \$ 15,000,000                         | \$ 11,000,000                    | \$ 0  | 0.0%                            |
| Lake Dredging-EFF                            | 350,000                         | 1,000,000                              | 5,000,000                             | 1,000,000                        | 0   | 0.0%                            |
| Destination State Park-RCF                   | 1,000,000                       | 3,000,000                              | 3,000,000                             | 3,000,000                        | 0   | 0.0%                            |
| Water Quality Monitoring-EFF                 | 2,605,000                       | 2,955,000                              | 2,955,000                             | 2,955,000                        | 0   | 0.0%                            |
| Restore the Outdoors-RCF                     | 2,500,000                       | 2,500,000                              | 2,500,000                             | 0                                | -2,500,000                                  | -100.0%                         |
| Lewis & Clark Water Sys.-RCF                 | 281,400                         | 1,500,000                              | 2,450,000                             | 2,450,000                        | 950,000                                     | 63.3%                           |
| Marine Fuel Tax Projects-EFF                 | 2,300,000                       | 2,300,000                              | 2,300,000                             | 2,300,000                        | 0   | 0.0%                            |
| Park Operations & Main. - EFF                | 0                               | 2,000,000                              | 2,000,000                             | 2,000,000                        | 0   | 0.0%                            |
| Air Quality Equip. - EFF                     | 500,000                         | 500,000                                | 500,000                               | 500,000                          | 0   | 0.0%                            |
| Water Quality Protection-EFF                 | 500,000                         | 500,000                                | 500,000                               | 500,000                          | 0   | 0.0%                            |
| GIS Info. for Watershed-EFF                  | 0                               | 195,000                                | 195,000                               | 195,000                          | 0   | 0.0%                            |
| Volun. & Keepers of Land-EFF                 | 100,000                         | 100,000                                | 100,000                               | 100,000                          | 0   | 0.0%                            |
| Water Summit Initiatives-EFF                 | 0                               | 0                                      | 0                                     | 5,000,000                        | 5,000,000                                   |                                 |
| <b>Total Natural Resources Capital</b>       | <b>\$ 12,136,400</b>            | <b>\$ 27,550,000</b>                   | <b>\$ 36,500,000</b>                  | <b>\$ 31,000,000</b>             | <b>\$ 3,450,000</b>                         | <b>12.5%</b>                    |
| <b><u>Public Defense Capital</u></b>         |                                 |  |                                       |                                  |   |                                 |
| Iowa City Readiness Ctr.-RIIF                | \$ 0                            | \$ 195,000                             | \$ 3,246,000                          | \$ 2,150,000                     | \$ 1,955,000                                | 1002.6%                         |
| Facility Maintenance-RCF                     | 700,000                         | 1,269,636                              | 1,269,636                             | 0                                | -1,269,636                                  | -100.0%                         |
| Boone Armory Addition-RCF                    | 111,000                         | 1,095,000                              | 1,096,000                             | 0                                | -1,095,000                                  | -100.0%                         |
| Ft. Dodge Readiness Ctr.-RIIF                | 0                               | 750,000                                | 750,000                               | 750,000                          | 0   | 0.0%                            |
| Estherville Readiness Ctr.-RCF               | 400,000                         | 461,000                                | 0                                     | 0                                | -461,000                                    | -100.0%                         |
| Waterloo Armory Renov.-RCF                   | 612,100                         | 0                                      | 0                                     | 0                                | 0   |                                 |

# Trans., Infra., and Capitals

## Non General Fund

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Public Defense Capital (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| Armory Maintenance-RIIF                      | 0                               | 0                                      | 0                                     | 1,269,636                        | 1,269,636                                   |                                 |
| Boone Armory Addition-RIIF                   | 0                               | 0                                      | 0                                     | 1,096,000                        | 1,096,000                                   |                                 |
| <b>Total Public Defense Capital</b>          | <b>\$ 1,823,100</b>             | <b>\$ 3,770,636</b>                    | <b>\$ 6,361,636</b>                   | <b>\$ 5,265,636</b>              | <b>\$ 1,495,000</b>                         | <b>39.6%</b>                    |
| <b><u>Public Safety Capital</u></b>          |                                 |  |                                       |                                  |   |                                 |
| Capitol Complex Security-RCF                 | \$ 0                            | \$ 1,000,000                           | \$ 1,000,000                          | \$ 1,000,000                     | \$ 0  | 0.0%                            |
| Capitol Bldg Security-RIIF                   | 850,000                         | 800,000                                | 800,000                               | 0                                | -800,000                                    | -100.0%                         |
| Fire Equip. Loan Fund-RIIF                   | 0                               | 500,000                                | 0                                     | 0                                | -500,000                                    | -100.0%                         |
| Fire Training Facilities-RIIF                | 0                               | 50,000                                 | 0                                     | 500,000                          | 450,000                                     | 900.0%                          |
| AFIS Lease Purchase-RIIF                     | 0                               | 0                                      | 0                                     | 550,000                          | 550,000                                     |                                 |
| NCIC Control Terminal-RIIF                   | 0                               | 0                                      | 0                                     | 500,000                          | 500,000                                     |                                 |
| <b>Total Public Safety Capital</b>           | <b>\$ 850,000</b>               | <b>\$ 2,350,000</b>                    | <b>\$ 1,800,000</b>                   | <b>\$ 2,550,000</b>              | <b>\$ 200,000</b>                           | <b>8.5%</b>                     |
| <b><u>Regents Capital</u></b>                |                                 |  |                                       |                                  |   |                                 |
| SUI-Chemistry Building-RCF                   | \$ 0                            | \$ 0                                   | \$ 20,400,000                         | \$ 0                             | \$ 0  |                                 |
| ISU-Veterinary Lab-RCF                       | 0                               | 0                                      | 14,450,000                            | 0                                | 0   |                                 |
| UNI-Physics Bldg/McCollum-RCF                | 0                               | 0                                      | 11,100,000                            | 0                                | 0   |                                 |
| Tuition Replacement - RCF                    | 10,503,733                      | 10,610,409                             | 10,437,174                            | 10,437,174                       | -173,235                                    | -1.6%                           |
| UNI-Teaching Center Bldg-RCF                 | 1,730,000                       | 6,490,000                              | 9,880,000                             | 9,880,000                        | 3,390,000                                   | 52.2%                           |
| Deferred Maintenance-RCF                     | 0                               | 0                                      | 9,000,000                             | 0                                | 0   |                                 |
| ISU-Coover Hall-RCF                          | 0                               | 0                                      | 5,950,000                             | 0                                | 0   |                                 |
| UNI-Electrical Dist. - RCF                   | 0                               | 0                                      | 3,600,000                             | 0                                | 0   |                                 |
| SUI-Journalism Bldg-RCF                      | 2,600,000                       | 7,200,000                              | 3,575,000                             | 3,575,000                        | -3,625,000                                  | -50.3%                          |
| Major Maint/Fire Safety-RCF                  | 0                               | 0                                      | 2,000,000                             | 0                                | 0   |                                 |
| ISU-Classrooms & Aud.-RCF                    | 2,112,100                       | 10,177,300                             | 1,949,100                             | 1,949,100                        | -8,228,200                                  | -80.8%                          |
| Sp. Schools/Lakeside Lab-RCF                 | 0                               | 0                                      | 1,040,000                             | 0                                | 0   |                                 |
| Tuition Replacement - RIIF                   | 0                               | 350,000                                | 700,000                               | 391,804                          | 41,804                                      | 11.9%                           |
| UNI-Steam Distribution-RCF                   | 4,320,000                       | 4,390,000                              | 0                                     | 0                                | -4,390,000                                  | -100.0%                         |

## Trans., Infra., and Capitals Non General Fund

|                                       | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---------------------------------------|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Regents Capital (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| SUI-Art Building-RCF                  | 7,910,000                       | 3,653,000                              | 0                                     | 0                                | -3,653,000                                  | -100.0%                         |
| UNI-Playground Safety - RIIF          | 0                               | 500,000                                | 0                                     | 0                                | -500,000                                    | -100.0%                         |
| ISD-Girls' Dormitory - RIIF           | 0                               | 100,000                                | 0                                     | 0                                | -100,000                                    | -100.0%                         |
| IBSSS-Facility Impr. - RIIF           | 0                               | 100,000                                | 0                                     | 0                                | -100,000                                    | -100.0%                         |
| SUI-Old Capitol Impr. - RCF           | 0                               | 350,000                                | 0                                     | 0                                | -350,000                                    | -100.0%                         |
| Tuition Replacement-ENDW              | 16,843,772                      | 0                                      | 0                                     | 0                                | 0   |                                 |
| ISU-Business Bldg-RCF                 | 6,700,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| Lakeside Laboratory-RCF               | 390,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| UNI-McCollum Hall-RCF                 | 8,400,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| ISD-Tuckpointing-RCF                  | 185,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| IBSSS-HVAC System-RCF                 | 450,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| ISU-Livestock Biosecurity-RCF         | 2,797,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| ISU-Plant Sciences-RCF                | 4,148,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| SUI-Biology Building-RCF              | 3,000,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| Special Schools Capitals-RCF          | 250,000                         | 0                                      | 0                                     | 0                                | 0   |                                 |
| Regents Maintenance-Bonding           | 0                               | 0                                      | 0                                     | 15,404,100                       | 15,404,100                                  |                                 |
| <b>Total Regents Capital</b>          | <b>\$ 72,339,605</b>            | <b>\$ 43,920,709</b>                   | <b>\$ 94,081,274</b>                  | <b>\$ 41,637,178</b>             | <b>\$ -2,283,531</b>                        | <b>-5.2%</b>                    |
| <b><u>Transportation Capitals</u></b> |                                 |  |                                       |                                  |   |                                 |
| Comm. Aviation Infr.-RCF              | \$ 1,100,000                    | \$ 1,100,000                           | \$ 1,100,000                          | \$ 1,100,000                     | \$ 0  | 0.0%                            |
| Recreational Trails-RCF               | 2,000,000                       | 1,000,000                              | 1,000,000                             | 0                                | -1,000,000                                  | -100.0%                         |
| Gen. Aviation Airports-RCF            | 581,400                         | 581,400                                | 581,400                               | 581,400                          | 0   | 0.0%                            |
| Aviation Improvement Prog-RIIF        | 0                               | 500,000                                | 500,000                               | 500,000                          | 0   | 0.0%                            |
| <b>Total Transportation Capitals</b>  | <b>\$ 3,681,400</b>             | <b>\$ 3,181,400</b>                    | <b>\$ 3,181,400</b>                   | <b>\$ 2,181,400</b>              | <b>\$ -1,000,000</b>                        | <b>-31.4%</b>                   |
| <b><u>Education Capital</u></b>       |                                 |  |                                       |                                  |   |                                 |
| IPTV-HDTV Conversion-RCF              | \$ 1,000,000                    | \$ 10,000,000                          | \$ 18,000,000                         | \$ 0                             | \$ -10,000,000                              | -100.0%                         |
| ICN Maint & Leases-RIIF               | 2,727,004                       | 2,727,000                              | 2,727,000                             | 2,727,000                        | 0   | 0.0%                            |

## Trans., Infra., and Capitals Non General Fund

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Education Capital (cont.)</u></b>   |                                 |  |                                       |                                  |   |                                 |
| Enrich Iowa Libraries-RIIF                | 600,000                         | 600,000                                | 600,000                               | 1,000,000                        | 400,000                                     | 66.7%                           |
| Parker Building Remodel-RIIF              | 0                               | 0                                      | 303,632                               | 303,632                          | 303,632                                     |                                 |
| IPTV-HDTV Conversion-Bonding              | 0                               | 0                                      | 0                                     | 18,300,000                       | 18,300,000                                  |                                 |
| IPTV-W'loo Transmitter-RCF                | 0                               | 0                                      | 300,000                               | 0                                | 0   |                                 |
| <b>Total Education Capital</b>            | <b>\$ 4,327,004</b>             | <b>\$ 13,327,000</b>                   | <b>\$ 21,930,632</b>                  | <b>\$ 22,330,632</b>             | <b>\$ 9,003,632</b>                         | <b>67.6%</b>                    |
| <b><u>Judicial Branch Capital</u></b>     |                                 |  |                                       |                                  |   |                                 |
| Judicial Bldg Parking-RCF                 | \$ 700,000                      | \$ 0                                   | \$ 0                                  | \$ 0                             | \$ 0  |                                 |
| Judicial Bldg Furnishings-RCF             | 1,250,000                       | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Judicial Branch Capital</b>      | <b>\$ 1,950,000</b>             | <b>\$ 0</b>                            | <b>\$ 0</b>                           | <b>\$ 0</b>                      | <b>\$ 0</b>                                 |                                 |
| <b><u>Veterans Affairs Capitals</u></b>   |                                 |  |                                       |                                  |   |                                 |
| Capital Projects - RIIF                   | \$ 0                            | \$ 0                                   | \$ 1,105,990                          | \$ 400,000                       | \$ 400,000                                  |                                 |
| Residence Demolition-RIIF                 | 50,000                          | 0                                      | 0                                     | 0                                | 0   |                                 |
| <b>Total Veterans Affairs Capitals</b>    | <b>\$ 50,000</b>                | <b>\$ 0</b>                            | <b>\$ 1,105,990</b>                   | <b>\$ 400,000</b>                | <b>\$ 400,000</b>                           |                                 |
| <b>Total Trans., Infra., and Capitals</b> | <b>\$ 495,441,908</b>           | <b>\$ 490,298,546</b>                  | <b>\$ 685,134,295</b>                 | <b>\$ 562,674,831</b>            | <b>\$ 72,376,285</b>                        | <b>14.8%</b>                    |

# Unassigned Standing

## Non General Fund

|   | Actual<br>FY 2003           | Estimated Net<br>FY 2004   | Dept Request<br>FY 2005    | Gov Rec<br>FY 2005         | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-----------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|-------------------|
|   | (1)                         | (2)                        | (3)                        | (4)                        | (5)                           | (6)               |
| <b><u>Management, Department of</u></b>     |                             |                            |                            |                            |                               |                   |
| Environment First to GF                     | \$ 18,445,000               | \$ 0                       | \$ 0                       | \$ 0                       | \$ 0                          |                   |
| Environment First Transfer                  | 16,555,000                  | 35,000,000                 | 35,000,000                 | 40,000,000                 | 5,000,000                     | 14.3%             |
| Environment First Balance Adj               | <u>-16,555,000</u>          | <u>-35,000,000</u>         | <u>-35,000,000</u>         | <u>-40,000,000</u>         | <u>-5,000,000</u>             | 14.3%             |
| <b>Total Management, Department of</b>      | <u>\$ 18,445,000</u>        | <u>\$ 0</u>                | <u>\$ 0</u>                | <u>\$ 0</u>                | <u>\$ 0</u>                   |                   |
| <b><u>Transportation, Department of</u></b> |                             |                            |                            |                            |                               |                   |
| DL Suspension Services                      | \$ 225,000                  | \$ 225,000                 | \$ 225,000                 | \$ 225,000                 | \$ 0                          | 0.0%              |
| Co. Treas. Equip Standing                   | 650,000                     | 650,000                    | 650,000                    | 650,000                    | 0                             | 0.0%              |
| <b>Total Transportation, Department of</b>  | <u>\$ 875,000</u>           | <u>\$ 875,000</u>          | <u>\$ 875,000</u>          | <u>\$ 875,000</u>          | <u>\$ 0</u>                   | 0.0%              |
| <b><u>Treasurer of State</u></b>            |                             |                            |                            |                            |                               |                   |
| Healthy Iowans Tobacco Trust                | \$ 55,825,000               | \$ 56,662,375              | \$ 57,512,311              | \$ 57,512,311              | \$ 849,936                    | 1.5%              |
| Healthy Iowans TbcO Bal Adj                 | <u>-55,825,000</u>          | <u>-56,662,375</u>         | <u>-57,512,311</u>         | <u>-57,512,311</u>         | <u>-849,936</u>               | 1.5%              |
| <b>Total Treasurer of State</b>             | <u>\$ 0</u>                 | <u>\$ 0</u>                | <u>\$ 0</u>                | <u>\$ 0</u>                | <u>\$ 0</u>                   |                   |
| <b><u>Natural Resources Capital</u></b>     |                             |                            |                            |                            |                               |                   |
| Fish and Game Capital - F & G               | \$ 5,000,000                | \$ 5,000,000               | \$ 9,000,000               | \$ 9,000,000               | \$ 4,000,000                  | 80.0%             |
| <b>Total Unassigned Standing</b>            | <u><u>\$ 24,320,000</u></u> | <u><u>\$ 5,875,000</u></u> | <u><u>\$ 9,875,000</u></u> | <u><u>\$ 9,875,000</u></u> | <u><u>\$ 4,000,000</u></u>    | 68.1%             |

# Summary Data

FTE

|                               | <u>Actual</u><br><u>FY 2003</u> | <u>Estimated Net</u><br><u>FY 2004</u> | <u>Dept Request</u><br><u>FY 2005</u> | <u>Gov Rec</u><br><u>FY 2005</u> | <u>Gov. Rec. vs.</u><br><u>Est. FY 2004</u> | <u>Percent</u><br><u>Change</u> |
|-------------------------------|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
|                               | <u>(1)</u>                      | <u>(2)</u>                             | <u>(3)</u>                            | <u>(4)</u>                       | <u>(5)</u>                                  | <u>(6)</u>                      |
| Administration and Regulation | 1,617.48                        | 1,956.46                               | 1,955.36                              | 1,962.36                         | 5.90  | 0.3%                            |
| Ag. and Natural Resources     | 1,373.99                        | 1,537.21                               | 1,553.21                              | 1,549.21                         | 12.00                                       | 0.8%                            |
| Economic Development          | 1,076.38                        | 1,271.28                               | 1,265.32                              | 1,271.32                         | 0.04  | 0.0%                            |
| Education                     | 26,640.31                       | 26,291.18                              | 26,437.75                             | 26,387.18                        | 96.00                                       | 0.4%                            |
| Health and Human Services     | 6,296.83                        | 6,759.21                               | 6,760.13                              | 6,853.13                         | 93.92                                       | 1.4%                            |
| Justice System                | 7,568.65                        | 7,980.66                               | 7,991.18                              | 8,039.10                         | 58.44                                       | 0.7%                            |
| Trans., Infra., and Capitals  | 3,214.00                        | 3,538.00                               | 3,520.00                              | 3,520.00                         | -18.00                                      | -0.5%                           |
| Unassigned Standing           | <u>401.25</u>                   | <u>401.32</u>                          | <u>401.32</u>                         | <u>401.32</u>                    | <u>0.00</u>                                 | <u>0.0%</u>                     |
| Grand Total                   | <u><u>48,188.89</u></u>         | <u><u>49,735.32</u></u>                | <u><u>49,884.27</u></u>               | <u><u>49,983.62</u></u>          | <u><u>248.30</u></u>                        | <u><u>0.5%</u></u>              |

# Administration and Regulation

FTE

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Administrative Services, Dept. of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Administrative Services</b>                  |                                 |  |                                       |                                  |   |                                 |
| Dept. of Administrative Serv.                   | 5.93                            | 245.55                                 | 233.95                                | 233.95                           | -11.60                                      | -4.7%                           |
| Utilities                                       | 0.00                            | 0.00                                   | 0.40                                  | 0.40                             | 0.40  |                                 |
| Terrace Hill Operations                         | 0.00                            | 0.00                                   | 5.00                                  | 0.00                             | 0.00  |                                 |
| It Operations Revolving Fund                    | 0.00                            | 132.00                                 | 148.25                                | 148.25                           | 16.25                                       | 12.3%                           |
| Enterprise Res.Plan/3                           | 0.00                            | 0.00                                   | 2.00                                  | 2.00                             | 2.00  |                                 |
| Purchasing Revolving Operation                  | 0.77                            | 1.00                                   | 12.80                                 | 12.80                            | 11.80                                       | 1180.0%                         |
| Purchasing Operations                           | 0.00                            | 11.80                                  | 0.00                                  | 0.00                             | -11.80                                      | -100.0%                         |
| Vehicle Dispatcher Revolving                    | 0.00                            | 12.75                                  | 13.00                                 | 13.00                            | 0.25  | 2.0%                            |
| Vehicle Dispatcher Operations                   | 0.30                            | 0.00                                   | 0.00                                  | 0.00                             | 0.00  |                                 |
| Motor Pool Revolving                            | 0.00                            | 1.25                                   | 1.00                                  | 1.00                             | -0.25                                       | -20.0%                          |
| Printing Revolving Operations                   | 0.02                            | 0.00                                   | 20.00                                 | 20.00                            | 20.00                                       |                                 |
| Printing Operations                             | 0.54                            | 21.00                                  | 0.00                                  | 0.00                             | -21.00                                      | -100.0%                         |
| <b>Total Administrative Services</b>            | <u>7.56</u>                     | <u>425.35</u>                          | <u>436.40</u>                         | <u>431.40</u>                    | <u>6.05</u>                                 | <u>1.4%</u>                     |
| <b>Nonappropriated</b>                          |                                 |  |                                       |                                  |   |                                 |
| Federal Surplus Property                        | 0.00                            | 6.00                                   | 6.00                                  | 6.00                             | 0.00  | 0.0%                            |
| Self Insurance/Risk Management                  | 1.95                            | 2.00                                   | 5.00                                  | 5.00                             | 3.00  | 150.0%                          |
| <b>Total Nonappropriated</b>                    | <u>1.95</u>                     | <u>8.00</u>                            | <u>11.00</u>                          | <u>11.00</u>                     | <u>3.00</u>                                 | <u>37.5%</u>                    |
| <b>Total Administrative Services, Dept. of</b>  | <u>9.51</u>                     | <u>433.35</u>                          | <u>447.40</u>                         | <u>442.40</u>                    | <u>9.05</u>                                 | <u>2.1%</u>                     |
| <b><u>Auditor of State</u></b>                  |                                 |  |                                       |                                  |   |                                 |
| Auditor of State - Gen. Office                  | 105.02                          | 106.30                                 | 106.25                                | 106.25                           | -0.05                                       | 0.0%                            |
| <b><u>Ethics and Campaign Disclosure</u></b>    |                                 |  |                                       |                                  |   |                                 |
| Ethics and Campaign Disclosure                  | 6.02                            | 7.00                                   | 6.00                                  | 6.00                             | -1.00                                       | -14.3%                          |

# Administration and Regulation

## FTE

|  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Commerce, Department of</u></b>    |                   |                          |                         |                    |                               |                   |
| Alcoholic Beverages                      | 30.01             | 33.00                    | 33.00                   | 33.00              | 0.00                          | 0.0%              |
| Banking Division                         | 62.68             | 65.00                    | 65.00                   | 65.00              | 0.00                          | 0.0%              |
| Credit Union Division                    | 15.25             | 19.00                    | 19.00                   | 19.00              | 0.00                          | 0.0%              |
| Insurance Division                       | 82.95             | 92.50                    | 92.00                   | 92.00              | -0.50                         | -0.5%             |
| Professional Licensing                   | 9.02              | 12.00                    | 12.00                   | 12.00              | 0.00                          | 0.0%              |
| Utilities Division                       | 67.90             | 79.00                    | 79.00                   | 79.00              | 0.00                          | 0.0%              |
| <b>Total Commerce, Department of</b>     | <b>267.81</b>     | <b>300.50</b>            | <b>300.00</b>           | <b>300.00</b>      | <b>-0.50</b>                  | <b>-0.2%</b>      |
| <b><u>General Services, Dept. of</u></b> |                   |                          |                         |                    |                               |                   |
| DGS Administration & Property            | 107.58            | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Terrace Hill Operations                  | 4.54              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Utilities                                | 0.76              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Centralized Purchasing Div.              | 0.43              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Central Print Division                   | 0.78              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| <b>Total General Services, Dept. of</b>  | <b>114.09</b>     | <b>0.00</b>              | <b>0.00</b>             | <b>0.00</b>        | <b>0.00</b>                   |                   |
| <b><u>Governor</u></b>                   |                   |                          |                         |                    |                               |                   |
| <b>Governor's Office, Iowa</b>           |                   |                          |                         |                    |                               |                   |
| General Office                           | 16.13             | 19.25                    | 19.25                   | 19.25              | 0.00                          | 0.0%              |
| Terrace Hill Quarters                    | 3.01              | 3.00                     | 3.00                    | 8.00               | 5.00                          | 166.7%            |
| Admin Rules Coordinator                  | 3.01              | 3.00                     | 3.00                    | 3.00               | 0.00                          | 0.0%              |
| State-Federal Relations                  | 1.47              | 2.00                     | 2.00                    | 2.00               | 0.00                          | 0.0%              |
| <b>Total Governor's Office, Iowa</b>     | <b>23.62</b>      | <b>27.25</b>             | <b>27.25</b>            | <b>32.25</b>       | <b>5.00</b>                   | <b>18.3%</b>      |
| <b>Nonappropriated</b>                   |                   |                          |                         |                    |                               |                   |
| Statewide Volunteer Program              | 1.17              | 1.75                     | 1.75                    | 1.75               | 0.00                          | 0.0%              |
| <b>Total Governor</b>                    | <b>24.79</b>      | <b>29.00</b>             | <b>29.00</b>            | <b>34.00</b>       | <b>5.00</b>                   | <b>17.2%</b>      |

# Administration and Regulation

## FTE

|  | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|--|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b><u>Gov. Office of Drug Control Policy</u></b> |                          |                                 |                                |                           |                                      |                          |
| Drug Policy Coordinator                          | 8.97                     | 9.00                            | 9.00                           | 9.00                      | 0.00                                 | 0.0%                     |
| <b><u>Human Rights, Department of</u></b>        |                          |                                 |                                |                           |                                      |                          |
| <b>Human Rights, Dept. of</b>                    |                          |                                 |                                |                           |                                      |                          |
| Administration                                   | 6.63                     | 7.00                            | 7.00                           | 7.00                      | 0.00                                 | 0.0%                     |
| Deaf Services                                    | 5.08                     | 7.00                            | 6.00                           | 6.00                      | -1.00                                | -14.3%                   |
| Persons with Disabilities                        | 3.51                     | 3.50                            | 3.50                           | 3.50                      | 0.00                                 | 0.0%                     |
| Division of Latino Affairs                       | 2.28                     | 3.00                            | 3.00                           | 3.00                      | 0.00                                 | 0.0%                     |
| Status of Women                                  | 2.69                     | 3.00                            | 3.00                           | 3.00                      | 0.00                                 | 0.0%                     |
| Status of African Americans                      | 1.73                     | 2.00                            | 2.00                           | 2.00                      | 0.00                                 | 0.0%                     |
| Criminal & Juvenile Justice                      | 6.71                     | 6.96                            | 6.96                           | 6.96                      | 0.00                                 | 0.0%                     |
| Community Grant Fund                             | 0.05                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| <b>Total Human Rights, Dept. of</b>              | <b>28.68</b>             | <b>32.46</b>                    | <b>31.46</b>                   | <b>31.46</b>              | <b>-1.00</b>                         | <b>-3.1%</b>             |
| <b>Nonappropriated</b>                           |                          |                                 |                                |                           |                                      |                          |
| Weatherization-D.O.E.                            | 5.96                     | 6.21                            | 6.18                           | 6.18                      | -0.03                                | -0.5%                    |
| Justice Assistance Act                           | 4.34                     | 7.36                            | 0.00                           | 0.00                      | -7.36                                | -100.0%                  |
| Juvenile Accountability                          | 0.00                     | 0.39                            | 1.92                           | 1.92                      | 1.53                                 | 392.3%                   |
| Status of Women Federal Grants                   | 0.16                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| Oil Overcharge Weatherization                    | 0.30                     | 0.00                            | 0.20                           | 0.20                      | 0.20                                 |                          |
| Low Income Energy Assistance                     | 3.16                     | 3.20                            | 3.00                           | 3.00                      | -0.20                                | -6.3%                    |
| Juvenile Accountability Block                    | 1.98                     | 2.00                            | 0.00                           | 0.00                      | -2.00                                | -100.0%                  |
| CSBG - Community Action Agcy                     | 5.36                     | 5.56                            | 5.82                           | 5.82                      | 0.26                                 | 4.7%                     |
| Disability Donations & Grants                    | 1.47                     | 0.60                            | 1.60                           | 1.60                      | 1.00                                 | 166.7%                   |
| <b>Total Nonappropriated</b>                     | <b>22.73</b>             | <b>25.32</b>                    | <b>18.72</b>                   | <b>18.72</b>              | <b>-6.60</b>                         | <b>-26.1%</b>            |
| <b>Total Human Rights, Department of</b>         | <b>51.41</b>             | <b>57.78</b>                    | <b>50.18</b>                   | <b>50.18</b>              | <b>-7.60</b>                         | <b>-13.2%</b>            |

# Administration and Regulation

FTE

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Inspections &amp; Appeals, Dept of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Inspections and Appeals</b>                   |                                 |  |                                       |                                  |   |                                 |
| Administration Division                          | 18.34                           | 20.25                                  | 20.25                                 | 20.25                            | 0.00  | 0.0%                            |
| Audits Division                                  | 0.10                            | 0.00                                   | 0.00                                  | 0.00                             | 0.00  |                                 |
| Administrative Hearings Div.                     | 22.98                           | 23.00                                  | 23.00                                 | 23.00                            | 0.00  | 0.0%                            |
| Investigations Division                          | 38.04                           | 41.00                                  | 41.00                                 | 41.00                            | 0.00  | 0.0%                            |
| Health Facilities Div.                           | 102.31                          | 108.75                                 | 108.75                                | 108.75                           | 0.00  | 0.0%                            |
| Inspections Division                             | 11.92                           | 12.00                                  | 12.00                                 | 12.00                            | 0.00  | 0.0%                            |
| Employment Appeal                                | 13.00                           | 15.00                                  | 15.00                                 | 15.00                            | 0.00  | 0.0%                            |
| Foster Care Review                               | 38.38                           | 38.99                                  | 38.99                                 | 38.99                            | 0.00  | 0.0%                            |
| <b>Total Inspections and Appeals</b>             | <b>245.07</b>                   | <b>258.99</b>                          | <b>258.99</b>                         | <b>258.99</b>                    | <b>0.00</b>                                 | <b>0.0%</b>                     |
| <b>Racing Commission</b>                         |                                 |  |                                       |                                  |   |                                 |
| Pari-mutuel Regulation                           | 19.36                           | 24.53                                  | 24.53                                 | 24.53                            | 0.00  | 0.0%                            |
| Excursion Boat Gambling Reg.                     | 27.55                           | 30.22                                  | 30.22                                 | 30.22                            | 0.00  | 0.0%                            |
| <b>Total Racing Commission</b>                   | <b>46.91</b>                    | <b>54.75</b>                           | <b>54.75</b>                          | <b>54.75</b>                     | <b>0.00</b>                                 | <b>0.0%</b>                     |
| <b>Total Inspections &amp; Appeals, Dept of</b>  | <b>291.98</b>                   | <b>313.74</b>                          | <b>313.74</b>                         | <b>313.74</b>                    | <b>0.00</b>                                 | <b>0.0%</b>                     |
| <b><u>Management, Department of</u></b>          |                                 |  |                                       |                                  |   |                                 |
| DOM General Office & Statewide                   | 27.22                           | 33.00                                  | 33.00                                 | 33.00                            | 0.00  | 0.0%                            |
| Integrated Info.for Iowa (I/3)                   | 0.00                            | 1.00                                   | 1.00                                  | 1.00                             | 0.00  | 0.0%                            |
| Salary Model Administrator                       | 0.00                            | 0.00                                   | 0.00                                  | 1.00                             | 1.00  |                                 |
| <b>Total Management, Department of</b>           | <b>27.22</b>                    | <b>34.00</b>                           | <b>34.00</b>                          | <b>35.00</b>                     | <b>1.00</b>                                 | <b>2.9%</b>                     |
| <b><u>Personnel, Department of</u></b>           |                                 |  |                                       |                                  |   |                                 |
| IDOP-Customer Serv. and Ben.                     | 62.28                           | 0.00                                   | 0.00                                  | 0.00                             | 0.00  |                                 |
| <b><u>IPERS Administration</u></b>               |                                 |  |                                       |                                  |   |                                 |
| IPERS Administration                             | 86.95                           | 90.13                                  | 90.13                                 | 90.13                            | 0.00  | 0.0%                            |

# Administration and Regulation

FTE

|  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Revenue, Dept. of</u></b>            |                   |                          |                         |                    |                               |                   |
| Compliance                                 | 378.98            | 366.81                   | 360.81                  | 366.81             | 0.00                          | 0.0%              |
| Tax Gap Collections                        | 17.76             | 22.85                    | 22.85                   | 22.85              | 0.00                          | 0.0%              |
| Direct Deposit Payroll Exp                 | 0.62              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| <b>Total Revenue, Dept. of</b>             | <b>397.36</b>     | <b>389.66</b>            | <b>383.66</b>           | <b>389.66</b>      | <b>0.00</b>                   | <b>0.0%</b>       |
| <b><u>Lottery</u></b>                      |                   |                          |                         |                    |                               |                   |
| Lottery Operations                         | 108.66            | 117.00                   | 117.00                  | 117.00             | 0.00                          | 0.0%              |
| <b><u>Secretary of State</u></b>           |                   |                          |                         |                    |                               |                   |
| Administration and Elections               | 7.93              | 10.00                    | 10.00                   | 10.00              | 0.00                          | 0.0%              |
| Business Services                          | 23.82             | 32.00                    | 32.00                   | 32.00              | 0.00                          | 0.0%              |
| <b>Total Secretary of State</b>            | <b>31.75</b>      | <b>42.00</b>             | <b>42.00</b>            | <b>42.00</b>       | <b>0.00</b>                   | <b>0.0%</b>       |
| <b><u>Treasurer of State</u></b>           |                   |                          |                         |                    |                               |                   |
| Treasurer - General Office                 | 23.66             | 27.00                    | 27.00                   | 27.00              | 0.00                          | 0.0%              |
| <b>Total Administration and Regulation</b> | <b>1,617.48</b>   | <b>1,956.46</b>          | <b>1,955.36</b>         | <b>1,962.36</b>    | <b>5.90</b>                   | <b>0.3%</b>       |

# Ag. and Natural Resources

FTE

|   | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|   | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Ag. &amp; Land Stewardship</u></b>        |                   |                          |                         |                    |                               |                   |
| <b>Agriculture &amp; Land Stewardship</b>       |                   |                          |                         |                    |                               |                   |
| Administrative Division                         | 349.45            | 410.64                   | 414.64                  | 410.64             | 0.00                          | 0.0%              |
| Soil Conservation Division Ops                  | 0.03              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| <b>Total Agriculture &amp; Land Stewardship</b> | <b>349.48</b>     | <b>410.64</b>            | <b>414.64</b>           | <b>410.64</b>      | <b>0.00</b>                   | <b>0.0%</b>       |
| <b>Ag. - Soil Conservation</b>                  |                   |                          |                         |                    |                               |                   |
| Watershed Protection Fund                       | 0.00              | 0.00                     | 10.00                   | 10.00              | 10.00                         |                   |
| <b>Nonappropriated</b>                          |                   |                          |                         |                    |                               |                   |
| Ag Drainage Wells - GW                          | 2.47              | 3.69                     | 3.69                    | 3.69               | 0.00                          | 0.0%              |
| Water Protection Fund                           | 10.13             | 14.88                    | 13.63                   | 13.63              | -1.25                         | -8.4%             |
| Agri-Dev Auth - Administration                  | 4.02              | 6.00                     | 6.00                    | 6.00               | 0.00                          | 0.0%              |
| EPA Non Point Source Pollution                  | 13.94             | 15.25                    | 16.50                   | 16.50              | 1.25                          | 8.2%              |
| Abandoned Mined Lands Grant                     | 2.91              | 3.63                     | 3.63                    | 3.63               | 0.00                          | 0.0%              |
| Renewable Fuels & Coproducts                    | 1.00              |                          | 1.00                    | 1.00               | 1.00                          |                   |
| Pseudorabies                                    | 3.60              | 3.00                     | 4.00                    | 4.00               | 1.00                          | 33.3%             |
| <b>Total Nonappropriated</b>                    | <b>38.07</b>      | <b>46.45</b>             | <b>48.45</b>            | <b>48.45</b>       | <b>2.00</b>                   | <b>4.3%</b>       |
| <b>Total Ag. &amp; Land Stewardship</b>         | <b>387.55</b>     | <b>457.09</b>            | <b>473.09</b>           | <b>469.09</b>      | <b>12.00</b>                  | <b>2.6%</b>       |
| <b><u>Natural Resources, Department of</u></b>  |                   |                          |                         |                    |                               |                   |
| Department of Natural Resource                  | 986.44            | 1,080.12                 | 1,080.12                | 1,080.12           | 0.00                          | 0.0%              |
| <b>Total Ag. and Natural Resources</b>          | <b>1,373.99</b>   | <b>1,537.21</b>          | <b>1,553.21</b>         | <b>1,549.21</b>    | <b>12.00</b>                  | <b>0.8%</b>       |

# Economic Development

## FTE

|  | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|--|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Economic Development, Dept. of</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Administrative Services</b>               |                                 |  |                                       |                                  |   |                                 |
| General Administration                       | 21.60                           | 24.50                                  | 24.50                                 | 24.50                            | 0.00  | 0.0%                            |
| IA Comm. on Volunteerism                     | 3.17                            | 4.25                                   | 4.25                                  | 4.25                             | 0.00  | 0.0%                            |
| <b>Total Administrative Services</b>         | <b>24.77</b>                    | <b>28.75</b>                           | <b>28.75</b>                          | <b>28.75</b>                     | <b>0.00</b>                                 | <b>0.0%</b>                     |
| <b>Business Development</b>                  |                                 |  |                                       |                                  |   |                                 |
| Business Development                         | 36.88                           | 47.00                                  | 47.00                                 | 47.00                            | 0.00  | 0.0%                            |
| Strategic Investment Fund                    | 7.55                            | 8.50                                   | 8.50                                  | 8.50                             | 0.00  | 0.0%                            |
| Value-Added Ag. Products                     | 1.92                            | 1.50                                   | 1.50                                  | 1.50                             | 0.00  | 0.0%                            |
| Workforce Development Fund                   | 3.46                            | 4.00                                   | 4.00                                  | 4.00                             | 0.00  | 0.0%                            |
| <b>Total Business Development</b>            | <b>49.81</b>                    | <b>61.00</b>                           | <b>61.00</b>                          | <b>61.00</b>                     | <b>0.00</b>                                 | <b>0.0%</b>                     |
| <b>Community &amp; Rural Devel.</b>          |                                 |  |                                       |                                  |   |                                 |
| Community Dev. Block Grant                   | 51.17                           | 61.50                                  | 61.50                                 | 61.50                            | 0.00  | 0.0%                            |
| Local Housing Assistance Fund                | 0.98                            | 0.25                                   | 0.25                                  | 0.25                             | 0.00  | 0.0%                            |
| Tourism/Recreation Dev.                      | 1.09                            | 2.25                                   | 2.25                                  | 2.25                             | 0.00  | 0.0%                            |
| <b>Total Community &amp; Rural Devel.</b>    | <b>53.24</b>                    | <b>64.00</b>                           | <b>64.00</b>                          | <b>64.00</b>                     | <b>0.00</b>                                 | <b>0.0%</b>                     |
| <b>Nonappropriated</b>                       |                                 |  |                                       |                                  |   |                                 |
| Finance Auth.-Title Guaranty                 | 16.46                           | 20.33                                  | 20.33                                 | 20.33                            | 0.00  | 0.0%                            |
| Finance Authority                            | 44.08                           | 48.00                                  | 49.00                                 | 49.00                            | 1.00  | 2.1%                            |
| IFA-Sec. 8 HUD Funding                       | 16.65                           | 19.00                                  | 19.00                                 | 19.00                            | 0.00  | 0.0%                            |
| <b>Total Nonappropriated</b>                 | <b>77.19</b>                    | <b>87.33</b>                           | <b>88.33</b>                          | <b>88.33</b>                     | <b>1.00</b>                                 | <b>1.1%</b>                     |
| <b>Total Economic Development, Dept. of</b>  | <b>205.01</b>                   | <b>241.08</b>                          | <b>242.08</b>                         | <b>242.08</b>                    | <b>1.00</b>                                 | <b>0.4%</b>                     |
| <b><u>Iowa Workforce Development</u></b>     |                                 |  |                                       |                                  |   |                                 |
| <b>Iowa Workforce Development</b>            |                                 |  |                                       |                                  |   |                                 |
| Labor Division                               | 90.84                           | 94.20                                  | 94.20                                 | 100.20                           | 6.00  | 6.4%                            |
| Job Service ACS (Surcharge)                  | 97.46                           | 82.37                                  | 82.25                                 | 82.25                            | -0.12                                       | -0.1%                           |

# Economic Development

## FTE

|  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Iowa Workforce Development (cont.)</u></b> |                   |                          |                         |                    |                               |                   |
| <b>Iowa Workforce Development (cont.)</b>        |                   |                          |                         |                    |                               |                   |
| Employment Statistics                            | 0.67              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Welfare-To-Work Match                            | 0.58              | 0.38                     | 0.00                    | 0.00               | -0.38                         | -100.0%           |
| <b>Total Iowa Workforce Development</b>          | <b>189.55</b>     | <b>176.95</b>            | <b>176.45</b>           | <b>182.45</b>      | <b>5.50</b>                   | <b>3.1%</b>       |
| <b>Nonappropriated</b>                           |                   |                          |                         |                    |                               |                   |
| Special Contingency Fund                         | 85.29             | 121.76                   | 120.76                  | 120.76             | -1.00                         | -0.8%             |
| IWD Major Federal Programs                       | 371.48            | 471.20                   | 470.11                  | 470.11             | -1.09                         | -0.2%             |
| IWD Minor Federal Programs                       | 173.85            | 182.86                   | 178.49                  | 178.49             | -4.37                         | -2.4%             |
| Amateur Boxing Grants Fund                       | 0.23              | 0.15                     | 0.15                    | 0.15               | 0.00                          | 0.0%              |
| <b>Total Nonappropriated</b>                     | <b>630.85</b>     | <b>775.97</b>            | <b>769.51</b>           | <b>769.51</b>      | <b>-6.46</b>                  | <b>-0.8%</b>      |
| <b>Total Iowa Workforce Development</b>          | <b>820.40</b>     | <b>952.92</b>            | <b>945.96</b>           | <b>951.96</b>      | <b>-0.96</b>                  | <b>-0.1%</b>      |
| <b><u>Public Employment Relations Board</u></b>  |                   |                          |                         |                    |                               |                   |
| General Office                                   | 9.48              | 10.00                    | 10.00                   | 10.00              | 0.00                          | 0.0%              |
| <b><u>Regents, Board of</u></b>                  |                   |                          |                         |                    |                               |                   |
| SUI - Economic Development                       | 4.82              | 6.00                     | 6.00                    | 6.00               | 0.00                          | 0.0%              |
| ISU - Economic Development                       | 31.92             | 56.53                    | 56.53                   | 56.53              | 0.00                          | 0.0%              |
| UNI - Economic Development                       | 4.75              | 4.75                     | 4.75                    | 4.75               | 0.00                          | 0.0%              |
| <b>Total Regents, Board of</b>                   | <b>41.49</b>      | <b>67.28</b>             | <b>67.28</b>            | <b>67.28</b>       | <b>0.00</b>                   | <b>0.0%</b>       |
| <b>Total Economic Development</b>                | <b>1,076.38</b>   | <b>1,271.28</b>          | <b>1,265.32</b>         | <b>1,271.32</b>    | <b>0.04</b>                   | <b>0.0%</b>       |

# Education

## FTE

|  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Blind, Iowa Commission for the</u></b> |                   |                          |                         |                    |                               |                   |
| Department for the Blind                     | 98.25             | 109.51                   | 109.51                  | 109.51             | 0.00                          | 0.0%              |
| <b><u>College Aid Commission</u></b>         |                   |                          |                         |                    |                               |                   |
| <b>Operations &amp; Loan Program</b>         |                   |                          |                         |                    |                               |                   |
| Scholarship and Grant Admin                  | 4.67              | 4.30                     | 4.20                    | 4.20               | -0.10                         | -2.3%             |
| <b>Nonappropriated</b>                       |                   |                          |                         |                    |                               |                   |
| Stafford Loan Program Admin.                 | 32.70             | 37.71                    | 37.80                   | 37.80              | 0.09                          | 0.2%              |
| <b>Total College Aid Commission</b>          | <b>37.37</b>      | <b>42.01</b>             | <b>42.00</b>            | <b>42.00</b>       | <b>-0.01</b>                  | <b>0.0%</b>       |
| <b><u>Cultural Affairs, Dept. of</u></b>     |                   |                          |                         |                    |                               |                   |
| <b>Cultural Affairs, Dept of</b>             |                   |                          |                         |                    |                               |                   |
| Cultural Affairs - Admin.                    | 1.26              | 1.17                     | 1.17                    | 1.16               | -0.01                         | -0.9%             |
| State Historical Society                     | 49.13             | 54.78                    | 54.78                   | 54.78              | 0.00                          | 0.0%              |
| Historical Sites                             | 6.61              | 8.00                     | 8.00                    | 8.00               | 0.00                          | 0.0%              |
| Iowa Arts Council                            | 5.70              | 7.55                     | 7.55                    | 7.55               | 0.00                          | 0.0%              |
| <b>Total Cultural Affairs, Dept of</b>       | <b>62.70</b>      | <b>71.50</b>             | <b>71.50</b>            | <b>71.49</b>       | <b>-0.01</b>                  | <b>0.0%</b>       |
| <b>Nonappropriated</b>                       |                   |                          |                         |                    |                               |                   |
| Battle Flag Carry Over                       | 0.00              | 2.00                     | 0.00                    | 0.00               | -2.00                         | -100.0%           |
| Historical Preservation                      | 0.00              | 0.25                     | 0.00                    | 0.00               | -0.25                         | -100.0%           |
| Miscellaneous Income                         | 0.97              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Hist. Res. Dev. Prog. (HRDP)                 | 0.77              | 0.75                     | 0.75                    | 0.75               | 0.00                          | 0.0%              |
| Trust Accounts                               | 0.05              | 1.00                     | 0.00                    | 0.00               | -1.00                         | -100.0%           |
| <b>Total Nonappropriated</b>                 | <b>1.79</b>       | <b>4.00</b>              | <b>0.75</b>             | <b>0.75</b>        | <b>-3.25</b>                  | <b>-81.3%</b>     |
| <b>Total Cultural Affairs, Dept. of</b>      | <b>64.49</b>      | <b>75.50</b>             | <b>72.25</b>            | <b>72.24</b>       | <b>-3.26</b>                  | <b>-4.3%</b>      |

# Education

## FTE

|                                  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|----------------------------------|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|                                  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b>Education, Department of</b>  |                   |                          |                         |                    |                               |                   |
| <b>Administration</b>            |                   |                          |                         |                    |                               |                   |
| Dept. of Ed. Administration      | 75.59             | 85.65                    | 85.65                   | 85.65              | 0.00                          | 0.0%              |
| Vocational Ed. Admin.            | 11.87             | 18.25                    | 18.25                   | 18.25              | 0.00                          | 0.0%              |
| Board of Ed. Examiners           | 6.53              | 7.00                     | 7.00                    | 7.00               | 0.00                          | 0.0%              |
| Vocational Rehabilitation        | 240.31            | 281.50                   | 281.50                  | 281.50             | 0.00                          | 0.0%              |
| Independent Living               | 1.25              | 1.00                     | 1.00                    | 1.00               | 0.00                          | 0.0%              |
| State Library                    | 16.22             | 18.00                    | 18.00                   | 18.00              | 0.00                          | 0.0%              |
| School Food Service              | 14.56             | 17.00                    | 17.00                   | 17.00              | 0.00                          | 0.0%              |
| Iowa Public Television           | 67.53             | 78.00                    | 78.00                   | 79.00              | 1.00                          | 1.3%              |
| IPTV - Regional Councils         | 5.71              | 6.00                     | 6.00                    | 6.00               | 0.00                          | 0.0%              |
| <b>Total Administration</b>      | 439.57            | 512.40                   | 512.40                  | 513.40             | 1.00                          | 0.2%              |
| <b>Education, Dept. of</b>       |                   |                          |                         |                    |                               |                   |
| Drinking Drivers Course          | 0.00              | 0.50                     | 0.50                    | 0.50               | 0.00                          | 0.0%              |
| Serve America Program            | 0.05              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Idea Gen. Supervision Enhance    | 0.45              | 0.25                     | 0.00                    | 0.00               | -0.25                         | -100.0%           |
| Byrd Scholarship Program         | 0.02              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| Advanced Placement Incentive     | 0.13              | 0.25                     | 0.25                    | 0.25               | 0.00                          | 0.0%              |
| <b>Total Education, Dept. of</b> | 0.65              | 1.00                     | 0.75                    | 0.75               | -0.25                         | -25.0%            |
| <b>Nonappropriated</b>           |                   |                          |                         |                    |                               |                   |
| IPTV-CPB/CSG FY 90/91            | 20.73             | 5.73                     | 20.31                   | 20.31              | 14.58                         | 254.5%            |
| Education of Handicapped Act     | 45.25             | 47.75                    | 47.75                   | 47.75              | 0.00                          | 0.0%              |
| IPTV-CPB/CSG FY 91/93            | 4.18              | 19.51                    | 6.51                    | 6.51               | -13.00                        | -66.6%            |
| IPTV-NTIA Equipment Grants       | 1.72              | 3.00                     | 2.00                    | 2.00               | -1.00                         | -33.3%            |
| IPTV-Contributions Holding Acc   | 1.51              | 1.50                     | 1.50                    | 1.50               | 0.00                          | 0.0%              |
| Goals 2000                       | 0.37              | 0.00                     | 0.00                    | 0.00               | 0.00                          |                   |
| NCES - NAEP Assessments          | 0.99              | 1.00                     | 1.00                    | 1.00               | 0.00                          | 0.0%              |
| Drug Free Schools/Communities    | 1.81              | 1.50                     | 1.50                    | 1.50               | 0.00                          | 0.0%              |

# Education

## FTE

| Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
| (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |

### Education, Department of (cont.)

#### **Nonappropriated (cont.)**

|                                |        |        |        |        |       |         |
|--------------------------------|--------|--------|--------|--------|-------|---------|
| Advanced Placement Technology  | 0.25   | 0.25   | 0.00   | 0.00   | -0.25 | -100.0% |
| Standards, Assess. & Account.  | 1.25   | 0.18   | 0.00   | 0.00   | -0.18 | -100.0% |
| Improving Teacher Qual Grants  | 2.88   | 4.05   | 4.05   | 4.05   | 0.00  | 0.0%    |
| Career Resource Network        | 1.46   | 1.55   | 1.55   | 1.55   | 0.00  | 0.0%    |
| School To Work Opportunities   | 0.09   | 0.00   | 0.00   | 0.00   | 0.00  |         |
| IPTV-Star Schools Grant        | 2.71   | 1.75   | 0.00   | 0.00   | -1.75 | -100.0% |
| Community Learning Centers     | 0.84   | 1.10   | 1.10   | 1.10   | 0.00  | 0.0%    |
| Community Service/students     | 0.02   | 0.00   | 0.00   | 0.00   | 0.00  |         |
| State Assessment               | 0.79   | 1.57   | 1.75   | 1.75   | 0.18  | 11.5%   |
| Adult Education                | 4.72   | 4.50   | 4.50   | 4.50   | 0.00  | 0.0%    |
| Veterans Education             | 3.01   | 3.00   | 3.00   | 3.00   | 0.00  | 0.0%    |
| DE Nonfederal Grants           | 2.01   | 2.00   | 2.00   | 2.00   | 0.00  | 0.0%    |
| ESEA Title 1                   | 8.43   | 9.40   | 9.40   | 9.40   | 0.00  | 0.0%    |
| ESEA Title 6                   | 2.99   | 3.25   | 3.50   | 3.50   | 0.25  | 7.7%    |
| High School Equivalency        | 0.50   | 0.50   | 0.50   | 0.50   | 0.00  | 0.0%    |
| English Language Acquisition   | 1.38   | 2.00   | 2.00   | 2.00   | 0.00  | 0.0%    |
| IPTV-Friends Funded Programmin | 10.83  | 13.32  | 13.32  | 13.32  | 0.00  | 0.0%    |
| Ed Telecommunications Proj     | 3.40   | 2.50   | 2.50   | 2.50   | 0.00  | 0.0%    |
| Technology Literacy Challenge  | 1.13   | 1.50   | 1.50   | 1.50   | 0.00  | 0.0%    |
| IPTV Educational & Contractual | 1.22   | 3.00   | 3.00   | 3.00   | 0.00  | 0.0%    |
| Library Ser Tech Act (LSTA)    | 11.73  | 14.00  | 14.00  | 14.00  | 0.00  | 0.0%    |
| School Infrastructure          | 1.43   | 1.90   | 1.90   | 1.90   | 0.00  | 0.0%    |
| Systems Change Project         | 3.00   | 4.00   | 4.00   | 4.00   | 0.00  | 0.0%    |
| Reading First State Grants     | 1.60   | 3.25   | 3.25   | 3.25   | 0.00  | 0.0%    |
| Reading Excellence Act         | 1.12   | 0.00   | 0.00   | 0.00   | 0.00  |         |
| Vocational Rehabilitation      | 111.10 | 139.20 | 139.20 | 139.20 | 0.00  | 0.0%    |
| la Occ. Info. Coord. (ISOICC)  | 1.55   | 1.45   | 1.45   | 1.45   | 0.00  | 0.0%    |

# Education

## FTE

|  | Actual<br>FY 2003<br>(1) | Estimated Net<br>FY 2004<br>(2) | Dept Request<br>FY 2005<br>(3) | Gov Rec<br>FY 2005<br>(4) | Gov. Rec. vs.<br>Est. FY 2004<br>(5) | Percent<br>Change<br>(6) |
|--|--------------------------|---------------------------------|--------------------------------|---------------------------|--------------------------------------|--------------------------|
| <b><u>Education, Department of (cont.)</u></b> |                          |                                 |                                |                           |                                      |                          |
| <b>Nonappropriated (cont.)</b>                 |                          |                                 |                                |                           |                                      |                          |
| AIDS Education                                 | 1.25                     | 1.25                            | 1.25                           | 1.25                      | 0.00                                 | 0.0%                     |
| Comprehensive School Reform                    | 0.91                     | 1.00                            | 0.00                           | 0.00                      | -1.00                                | -100.0%                  |
| School Bus Driver Permit                       | 2.74                     | 3.00                            | 3.00                           | 3.00                      | 0.00                                 | 0.0%                     |
| Miscellaneous Federal Grants                   | 0.06                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| Even Start                                     | 0.30                     | 0.30                            | 0.30                           | 0.30                      | 0.00                                 | 0.0%                     |
| Headstart Collaborative Grant                  | 1.06                     | 1.00                            | 1.00                           | 1.00                      | 0.00                                 | 0.0%                     |
| School Renovation Program                      | 0.22                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| Gates Foundation Leadership Gr                 | 1.00                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| ESEA Title 2                                   | 0.13                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| Bilingual Education Title 3                    | 0.13                     | 0.00                            | 0.00                           | 0.00                      | 0.00                                 |                          |
| Vocational Education Act                       | 9.21                     | 10.50                           | 10.50                          | 10.50                     | 0.00                                 | 0.0%                     |
| Homeless Child and Adults                      | 0.78                     | 0.75                            | 0.75                           | 0.75                      | 0.00                                 | 0.0%                     |
| <b>Total Nonappropriated</b>                   | <b>275.79</b>            | <b>317.01</b>                   | <b>314.84</b>                  | <b>314.84</b>             | <b>-2.17</b>                         | <b>-0.7%</b>             |
| <b>Total Education, Department of</b>          | <b>716.01</b>            | <b>830.41</b>                   | <b>827.99</b>                  | <b>828.99</b>             | <b>-1.42</b>                         | <b>-0.2%</b>             |
| <b><u>Regents, Board of</u></b>                |                          |                                 |                                |                           |                                      |                          |
| <b>Regents, Board of</b>                       |                          |                                 |                                |                           |                                      |                          |
| Regents Board Office                           | 15.50                    | 16.00                           | 16.00                          | 16.00                     | 0.00                                 | 0.0%                     |
| <b>University of Iowa</b>                      |                          |                                 |                                |                           |                                      |                          |
| Univ. of Iowa: Gen. University                 | 4,049.47                 | 4,055.62                        | 4,109.62                       | 4,088.62                  | 33.00                                | 0.8%                     |
| Indigent Patient Program: UIHC                 | 5,747.05                 | 5,471.01                        | 5,471.01                       | 5,471.01                  | 0.00                                 | 0.0%                     |
| Psychiatric Hospital                           | 264.78                   | 272.11                          | 272.11                         | 272.11                    | 0.00                                 | 0.0%                     |
| Center Dis. & Dev. (Hosp-Sch)                  | 115.97                   | 143.34                          | 143.34                         | 143.34                    | 0.00                                 | 0.0%                     |
| Oakdale Campus                                 | 43.25                    | 43.25                           | 43.25                          | 43.25                     | 0.00                                 | 0.0%                     |
| University Hygienic Laboratory                 | 101.77                   | 102.49                          | 102.49                         | 102.49                    | 0.00                                 | 0.0%                     |
| Family Practice Program                        | 190.77                   | 192.40                          | 192.40                         | 192.40                    | 0.00                                 | 0.0%                     |

# Education

## FTE

|   | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|   | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Regents, Board of (cont.)</u></b> |                   |                          |                         |                    |                               |                   |
| <b>University of Iowa (cont.)</b>       |                   |                          |                         |                    |                               |                   |
| SCHS - Hemophilia, Cancer               | 54.37             | 53.46                    | 53.46                   | 53.46              | 0.00                          | 0.0%              |
| State of Iowa Cancer Registry           | 1.74              | 2.40                     | 2.40                    | 2.40               | 0.00                          | 0.0%              |
| SUI Substance Abuse Consortium          | 0.81              | 1.50                     | 1.50                    | 1.50               | 0.00                          | 0.0%              |
| Biocatalysis                            | 6.62              | 5.20                     | 5.20                    | 5.20               | 0.00                          | 0.0%              |
| Primary Health Care                     | 7.36              | 7.75                     | 7.25                    | 7.25               | -0.50                         | -6.5%             |
| Iowa Birth Defects Registry             | 1.02              | 1.30                     | 1.30                    | 1.30               | 0.00                          | 0.0%              |
| <b>Total University of Iowa</b>         | <b>10,584.98</b>  | <b>10,351.83</b>         | <b>10,405.33</b>        | <b>10,384.33</b>   | <b>32.50</b>                  | <b>0.3%</b>       |
| <b>Iowa State University</b>            |                   |                          |                         |                    |                               |                   |
| Iowa State: Gen. University             | 3,837.22          | 3,647.42                 | 3,699.92                | 3,679.42           | 32.00                         | 0.9%              |
| ISU-Ag & Home Ec. Exp. Sta.             | 485.29            | 546.98                   | 546.98                  | 546.98             | 0.00                          | 0.0%              |
| ISU - Cooperative Extension             | 354.08            | 383.34                   | 383.34                  | 383.34             | 0.00                          | 0.0%              |
| ISU Leopold Center                      | 7.10              | 11.25                    | 11.25                   | 11.25              | 0.00                          | 0.0%              |
| <b>Total Iowa State University</b>      | <b>4,683.69</b>   | <b>4,588.99</b>          | <b>4,641.49</b>         | <b>4,620.99</b>    | <b>32.00</b>                  | <b>0.7%</b>       |
| <b>Univ. of Northern Iowa</b>           |                   |                          |                         |                    |                               |                   |
| University of Northern Iowa             | 1,398.01          | 1,398.01                 | 1,422.01                | 1,413.01           | 15.00                         | 1.1%              |
| Recycling & Reuse Center                | 3.00              | 3.00                     | 3.00                    | 3.00               | 0.00                          | 0.0%              |
| <b>Total Univ. of Northern Iowa</b>     | <b>1,401.01</b>   | <b>1,401.01</b>          | <b>1,425.01</b>         | <b>1,416.01</b>    | <b>15.00</b>                  | <b>1.1%</b>       |
| <b>Special Schools</b>                  |                   |                          |                         |                    |                               |                   |
| Iowa School for the Deaf                | 126.60            | 126.60                   | 128.43                  | 127.60             | 1.00                          | 0.8%              |
| Braille & Sight Saving School           | 72.23             | 81.00                    | 82.23                   | 82.00              | 1.00                          | 1.2%              |
| <b>Total Special Schools</b>            | <b>198.83</b>     | <b>207.60</b>            | <b>210.66</b>           | <b>209.60</b>      | <b>2.00</b>                   | <b>1.0%</b>       |
| <b>Nonappropriated</b>                  |                   |                          |                         |                    |                               |                   |
| SUI Restricted                          | 1,683.50          | 1,683.50                 | 1,683.50                | 1,683.50           | 0.00                          | 0.0%              |
| ISD Restricted                          | 8.25              | 9.41                     | 9.41                    | 9.41               | 0.00                          | 0.0%              |
| IBSSS Restricted                        | 18.49             | 18.49                    | 18.53                   | 18.53              | 0.04                          | 0.2%              |

# Education

## FTE

|                                  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|----------------------------------|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|                                  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b>Regents, Board of (cont.)</b> |                   |                          |                         |                    |                               |                   |
| <b>Nonappropriated (cont.)</b>   |                   |                          |                         |                    |                               |                   |
| UNI Restricted                   | 140.00            | 83.80                    | 83.80                   | 83.80              | 0.00                          | 0.0%              |
| UNI Organized Activities         | 150.00            | 60.50                    | 60.50                   | 60.50              | 0.00                          | 0.0%              |
| ISU Organized Activities         | 541.78            | 541.78                   | 626.93                  | 626.93             | 85.15                         | 15.7%             |
| ISU Restricted                   | 1,764.20          | 1,763.66                 | 1,766.30                | 1,766.30           | 2.64                          | 0.1%              |
| SUI Organized Activities         | 680.43            | 680.43                   | 680.43                  | 680.43             | 0.00                          | 0.0%              |
| SUI Auxiliary Enterprises        | 1,003.77          | 1,003.77                 | 1,003.77                | 1,003.77           | 0.00                          | 0.0%              |
| ISU Auxiliary Enterprises        | 881.75            | 960.17                   | 891.53                  | 891.53             | -68.64                        | -7.1%             |
| UNI Auxiliary Enterprises        | 340.50            | 235.30                   | 235.30                  | 235.30             | 0.00                          | 0.0%              |
| SUI Stores, Services & Revolv    | 1,627.51          | 1,627.51                 | 1,627.51                | 1,627.51           | 0.00                          | 0.0%              |
| <b>Total Nonappropriated</b>     | <b>8,840.18</b>   | <b>8,668.32</b>          | <b>8,687.51</b>         | <b>8,687.51</b>    | <b>19.19</b>                  | <b>0.2%</b>       |
| <b>Total Regents, Board of</b>   | <b>25,724.19</b>  | <b>25,233.75</b>         | <b>25,386.00</b>        | <b>25,334.44</b>   | <b>100.69</b>                 | <b>0.4%</b>       |
| <b>Total Education</b>           | <b>26,640.31</b>  | <b>26,291.18</b>         | <b>26,437.75</b>        | <b>26,387.18</b>   | <b>96.00</b>                  | <b>0.4%</b>       |

# Health and Human Services

## FTE

|   | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|   | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Elder Affairs, Department of</u></b>  |                   |                          |                         |                    |                               |                   |
| Aging Programs                              | 25.58             | 26.75                    | 26.75                   | 26.75              | 0.00                          | 0.0%              |
| <b><u>Health, Department of Public</u></b>  |                   |                          |                         |                    |                               |                   |
| <b>Department of Public Health</b>          |                   |                          |                         |                    |                               |                   |
| Addictive Disorders                         | 14.04             | 15.75                    | 15.75                   | 15.75              | 0.00                          | 0.0%              |
| Adult Wellness                              | 21.76             | 20.92                    | 20.85                   | 20.85              | -0.07                         | -0.3%             |
| Child and Adolescent Wellness               | 42.30             | 44.10                    | 44.10                   | 45.10              | 1.00                          | 2.3%              |
| Chronic Conditions                          | 10.39             | 10.09                    | 10.00                   | 10.00              | -0.09                         | -0.9%             |
| Community Capacity - GF                     | 24.80             | 21.60                    | 21.60                   | 21.60              | 0.00                          | 0.0%              |
| Elderly Wellness                            | 5.15              | 5.10                     | 4.95                    | 4.95               | -0.15                         | -2.9%             |
| Environmental Hazards                       | 8.97              | 9.25                     | 8.30                    | 8.30               | -0.95                         | -10.3%            |
| Infectious Diseases                         | 35.17             | 38.25                    | 38.25                   | 38.25              | 0.00                          | 0.0%              |
| Injuries                                    | 7.54              | 9.10                     | 9.10                    | 9.10               | 0.00                          | 0.0%              |
| Public Protection                           | 136.65            | 150.64                   | 150.05                  | 150.05             | -0.59                         | -0.4%             |
| Resource Management                         | 51.71             | 47.23                    | 47.30                   | 47.30              | 0.07                          | 0.1%              |
| Tobacco Use Prev./Control-HITT              | 9.46              | 11.00                    | 11.00                   | 11.00              | 0.00                          | 0.0%              |
| Healthy Iowans 2010 - HITT                  | 3.33              | 4.00                     | 5.00                    | 5.00               | 1.00                          | 25.0%             |
| <b>Total Department of Public Health</b>    | <b>371.27</b>     | <b>387.03</b>            | <b>386.25</b>           | <b>387.25</b>      | <b>0.22</b>                   | <b>0.1%</b>       |
| <b>Nonappropriated</b>                      |                   |                          |                         |                    |                               |                   |
| Vital Records Modernization                 | 25.08             | 27.96                    | 27.80                   | 27.80              | -0.16                         | -0.6%             |
| <b>Total Health, Department of Public</b>   | <b>396.35</b>     | <b>414.99</b>            | <b>414.05</b>           | <b>415.05</b>      | <b>0.06</b>                   | <b>0.0%</b>       |
| <b><u>Human Services, Department of</u></b> |                   |                          |                         |                    |                               |                   |
| <b>Economic Assistance</b>                  |                   |                          |                         |                    |                               |                   |
| Family Investment Program                   | 8.94              | 10.98                    | 9.98                    | 9.98               | -1.00                         | -9.1%             |
| Child Support Recoveries                    | 375.09            | 407.00                   | 407.00                  | 407.00             | 0.00                          | 0.0%              |
| <b>Total Economic Assistance</b>            | <b>384.03</b>     | <b>417.98</b>            | <b>416.98</b>           | <b>416.98</b>      | <b>-1.00</b>                  | <b>-0.2%</b>      |

# Health and Human Services

FTE

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b>Human Services, Department of (cont.)</b>  |                                 |  |                                       |                                  |   |                                 |
| <b>Medical Services</b>                       |                                 |  |                                       |                                  |   |                                 |
| Health Insurance Premium Pmt.                 | 15.71                           | 21.00                                  | 20.95                                 | 20.95                            | -0.05                                       | -0.2%                           |
| Medical Contracts                             | 0.76                            | 0.00                                   | 1.00                                  | 1.00                             | 1.00  |                                 |
| <b>Total Medical Services</b>                 | <b>16.47</b>                    | <b>21.00</b>                           | <b>21.95</b>                          | <b>21.95</b>                     | <b>0.95</b>                                 | <b>4.5%</b>                     |
| <b>Child and Family Services</b>              |                                 |  |                                       |                                  |   |                                 |
| Toledo Juvenile Home                          | 113.54                          | 130.50                                 | 130.54                                | 130.54                           | 0.04  | 0.0%                            |
| Eldora Training School                        | 194.14                          | 223.88                                 | 218.53                                | 218.53                           | -5.35                                       | -2.4%                           |
| Community Based Services                      | 0.02                            | 0.00                                   | 0.00                                  | 0.00                             | 0.00  |                                 |
| Child and Family Services                     | 0.76                            | 0.00                                   | 0.00                                  | 0.00                             | 0.00  |                                 |
| <b>Total Child and Family Services</b>        | <b>308.46</b>                   | <b>354.38</b>                          | <b>349.07</b>                         | <b>349.07</b>                    | <b>-5.31</b>                                | <b>-1.5%</b>                    |
| <b>MH/MR/DD/BI</b>                            |                                 |  |                                       |                                  |   |                                 |
| Cherokee Mental Health Inst.                  | 199.47                          | 227.65                                 | 227.65                                | 227.65                           | 0.00  | 0.0%                            |
| Clarinda Mental Health Inst.                  | 106.07                          | 113.15                                 | 113.15                                | 113.15                           | 0.00  | 0.0%                            |
| Independence Mental Health Ins                | 290.29                          | 317.80                                 | 317.80                                | 317.80                           | 0.00  | 0.0%                            |
| Mt. Pleasant Mental Health Ins                | 87.89                           | 100.44                                 | 100.44                                | 100.44                           | 0.00  | 0.0%                            |
| Glenwood Resource Center                      | 793.90                          | 877.75                                 | 877.75                                | 936.75                           | 59.00                                       | 6.7%                            |
| Woodward Resource Center                      | 636.18                          | 667.60                                 | 673.76                                | 696.76                           | 29.16                                       | 4.4%                            |
| Sexual Predator Civil Commit.                 | 26.43                           | 46.00                                  | 57.00                                 | 57.00                            | 11.00                                       | 23.9%                           |
| <b>Total MH/MR/DD/BI</b>                      | <b>2,140.23</b>                 | <b>2,350.39</b>                        | <b>2,367.55</b>                       | <b>2,449.55</b>                  | <b>99.16</b>                                | <b>4.2%</b>                     |
| <b>Managing and Delivering Services</b>       |                                 |  |                                       |                                  |   |                                 |
| Field Operations                              | 1,760.01                        | 1,844.49                               | 1,841.50                              | 1,844.50                         | 0.01  | 0.0%                            |
| General Administration                        | 270.96                          | 292.00                                 | 285.00                                | 292.00                           | 0.00  | 0.0%                            |
| <b>Total Managing and Delivering Services</b> | <b>2,030.97</b>                 | <b>2,136.49</b>                        | <b>2,126.50</b>                       | <b>2,136.50</b>                  | <b>0.01</b>                                 | <b>0.0%</b>                     |
| <b>Nonappropriated</b>                        |                                 |  |                                       |                                  |   |                                 |
| MI/MR/DD Case Management                      | 121.46                          | 133.11                                 | 132.16                                | 132.16                           | -0.95                                       | -0.7%                           |
| Iowa Refugee Service Center                   | 25.14                           | 26.53                                  | 26.53                                 | 26.53                            | 0.00  | 0.0%                            |

# Health and Human Services

## FTE

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Human Services, Department of (cont.)</u></b> |                                 |  |                                       |                                  |   |                                 |
| <b>Nonappropriated (cont.)</b>                      |                                 |  |                                       |                                  |   |                                 |
| Refugee Resettlement                                | 1.20                            | 0.83                                   | 0.83                                  | 0.83                             | 0.00  | 0.0%                            |
| Child Abuse Project                                 | 3.35                            | 5.00                                   | 5.00                                  | 5.00                             | 0.00  | 0.0%                            |
| Community MH Block Grant                            | 1.45                            | 2.00                                   | 2.00                                  | 2.00                             | 0.00  | 0.0%                            |
| Eldora Canteen Fund                                 | 0.05                            | 0.00                                   | 0.00                                  | 0.00                             | 0.00  |                                 |
| Mt. Pleasant Canteen Fund                           | 0.70                            | 0.70                                   | 0.70                                  | 0.70                             | 0.00  | 0.0%                            |
| IV-E Independent Living Grant                       | 9.28                            | 10.00                                  | 10.00                                 | 10.00                            | 0.00  | 0.0%                            |
| Glenwood Canteen Fund                               | 1.49                            | 1.00                                   | 1.00                                  | 1.00                             | 0.00  | 0.0%                            |
| Woodward Warehouse Rev. Fund                        | 5.09                            | 6.20                                   | 6.20                                  | 6.20                             | 0.00  | 0.0%                            |
| <b>Total Nonappropriated</b>                        | <u>169.21</u>                   | <u>185.37</u>                          | <u>184.42</u>                         | <u>184.42</u>                    | <u>-0.95</u>                                | <u>-0.5%</u>                    |
| <b>Total Human Services, Department of</b>          | <u>5,049.37</u>                 | <u>5,465.61</u>                        | <u>5,466.47</u>                       | <u>5,558.47</u>                  | <u>92.86</u>                                | <u>1.7%</u>                     |
| <b><u>Veterans Affairs, Comm. of</u></b>            |                                 |  |                                       |                                  |   |                                 |
| <b>Veterans Affairs, Comm. of</b>                   |                                 |  |                                       |                                  |   |                                 |
| Veterans Affairs, Comm of                           | 2.37                            | 4.00                                   | 4.00                                  | 4.00                             | 0.00  | 0.0%                            |
| Iowa Veterans Home                                  | 817.89                          | 843.50                                 | 844.50                                | 844.50                           | 1.00  | 0.1%                            |
| <b>Total Veterans Affairs, Comm. of</b>             | <u>820.26</u>                   | <u>847.50</u>                          | <u>848.50</u>                         | <u>848.50</u>                    | <u>1.00</u>                                 | <u>0.1%</u>                     |
| <b>Nonappropriated</b>                              |                                 |  |                                       |                                  |   |                                 |
| Iowa Veterans Home Canteen                          | 5.27                            | 4.36                                   | 4.36                                  | 4.36                             | 0.00  | 0.0%                            |
| <b>Total Veterans Affairs, Comm. of</b>             | <u>825.53</u>                   | <u>851.86</u>                          | <u>852.86</u>                         | <u>852.86</u>                    | <u>1.00</u>                                 | <u>0.1%</u>                     |
| <b>Total Health and Human Services</b>              | <u><u>6,296.83</u></u>          | <u><u>6,759.21</u></u>                 | <u><u>6,760.13</u></u>                | <u><u>6,853.13</u></u>           | <u><u>93.92</u></u>                         | <u><u>1.4%</u></u>              |

# Justice System

## FTE

|  | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|--|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|  | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Justice, Department of</u></b>     |                   |                          |                         |                    |                               |                   |
| General Office A.G.                      | 188.10            | 208.50                   | 208.50                  | 208.50             | 0.00                          | 0.0%              |
| Consumer Advocate                        | 24.60             | 27.00                    | 27.00                   | 27.00              | 0.00                          | 0.0%              |
| Victim Compensation Fund                 | 19.41             | 20.00                    | 20.00                   | 20.00              | 0.00                          | 0.0%              |
| <b>Total Justice, Department of</b>      | <b>232.11</b>     | <b>255.50</b>            | <b>255.50</b>           | <b>255.50</b>      | <b>0.00</b>                   | <b>0.0%</b>       |
| <b><u>Civil Rights Commission</u></b>    |                   |                          |                         |                    |                               |                   |
| Civil Rights Commission                  | 31.04             | 28.00                    | 28.00                   | 30.00              | 2.00                          | 7.1%              |
| <b><u>Corrections, Department of</u></b> |                   |                          |                         |                    |                               |                   |
| <b>CBC Districts</b>                     |                   |                          |                         |                    |                               |                   |
| CBC District I                           | 200.26            | 190.96                   | 187.96                  | 187.96             | -3.00                         | -1.6%             |
| CBC District II                          | 141.54            | 138.04                   | 137.04                  | 137.04             | -1.00                         | -0.7%             |
| CBC District III                         | 77.49             | 80.49                    | 79.49                   | 79.49              | -1.00                         | -1.2%             |
| CBC District IV                          | 74.00             | 74.25                    | 74.25                   | 74.25              | 0.00                          | 0.0%              |
| CBC District V                           | 218.45            | 221.45                   | 217.45                  | 217.45             | -4.00                         | -1.8%             |
| CBC District VI                          | 160.55            | 193.28                   | 185.28                  | 185.28             | -8.00                         | -4.1%             |
| CBC District VII                         | 100.95            | 100.95                   | 100.95                  | 100.95             | 0.00                          | 0.0%              |
| CBC District VIII                        | 89.35             | 86.85                    | 86.85                   | 86.85              | 0.00                          | 0.0%              |
| <b>Total CBC Districts</b>               | <b>1,062.59</b>   | <b>1,086.27</b>          | <b>1,069.27</b>         | <b>1,069.27</b>    | <b>-17.00</b>                 | <b>-1.6%</b>      |
| <b>Corrections Central Office</b>        |                   |                          |                         |                    |                               |                   |
| Central Office Corrections               | 32.51             | 41.18                    | 41.18                   | 41.18              | 0.00                          | 0.0%              |
| <b>Corrections Institutions</b>          |                   |                          |                         |                    |                               |                   |
| Ft. Madison Inst.                        | 512.24            | 570.00                   | 570.00                  | 570.00             | 0.00                          | 0.0%              |
| Anamosa Inst.                            | 350.86            | 379.75                   | 379.75                  | 379.75             | 0.00                          | 0.0%              |
| Oakdale Inst.                            | 310.81            | 314.00                   | 314.00                  | 314.00             | 0.00                          | 0.0%              |
| Newton Inst.                             | 328.75            | 361.00                   | 360.00                  | 360.00             | -1.00                         | -0.3%             |
| Mt Pleasant Inst.                        | 315.12            | 326.31                   | 326.06                  | 326.06             | -0.25                         | -0.1%             |

# Justice System

## FTE

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Corrections, Department of (cont.)</u></b>        |                                 |  |                                       |                                  |   |                                 |
| <b>Corrections Institutions (cont.)</b>                 |                                 |  |                                       |                                  |   |                                 |
| Rockwell City Inst.                                     | 104.43                          | 109.00                                 | 109.00                                | 109.00                           | 0.00  | 0.0%                            |
| Clarinda Inst.  | 271.58                          | 300.58                                 | 300.58                                | 343.50                           | 42.92                                       | 14.3%                           |
| Mitchellville Inst.                                     | 194.17                          | 208.00                                 | 208.00                                | 208.00                           | 0.00  | 0.0%                            |
| Ft. Dodge Inst.   | 351.72                          | 386.00                                 | 386.00                                | 386.00                           | 0.00  | 0.0%                            |
| <b>Total Corrections Institutions</b>                   | <u>2,739.68</u>                 | <u>2,954.64</u>                        | <u>2,953.39</u>                       | <u>2,996.31</u>                  | <u>41.67</u>                                | <u>1.4%</u>                     |
| <b>Nonappropriated</b>                                  |                                 |  |                                       |                                  |   |                                 |
| IMCC Inmate Tele Rebate                                 | 3.00                            | 8.00                                   | 8.00                                  | 8.00                             | 0.00  | 0.0%                            |
| Anamosa Canteen Fund                                    | 1.75                            | 2.00                                   | 2.00                                  | 2.00                             | 0.00  | 0.0%                            |
| Mt. Pleasant Canteen Fund                               | 1.59                            | 1.80                                   | 1.80                                  | 1.80                             | 0.00  | 0.0%                            |
| Consolidated Farm Operations                            | 5.07                            | 8.00                                   | 8.00                                  | 8.00                             | 0.00  | 0.0%                            |
| Iowa State Industries                                   | 76.44                           | 79.34                                  | 79.34                                 | 79.34                            | 0.00  | 0.0%                            |
| <b>Total Nonappropriated</b>                            | <u>87.85</u>                    | <u>99.14</u>                           | <u>99.14</u>                          | <u>99.14</u>                     | <u>0.00</u>                                 | <u>0.0%</u>                     |
| <b>Total Corrections, Department of</b>                 | <u>3,922.63</u>                 | <u>4,181.23</u>                        | <u>4,162.98</u>                       | <u>4,205.90</u>                  | <u>24.67</u>                                | <u>0.6%</u>                     |
| <b><u>IA Telecommun &amp; Technology Commission</u></b> |                                 |  |                                       |                                  |   |                                 |
| IA Telecomm. & Technology                               | 100.48                          | 115.00                                 | 106.95                                | 106.95                           | -8.05                                       | -7.0%                           |
| <b><u>Inspections &amp; Appeals, Dept of</u></b>        |                                 |  |                                       |                                  |   |                                 |
| Public Defender   | 191.75                          | 202.00                                 | 202.00                                | 202.00                           | 0.00  | 0.0%                            |
| <b><u>Judicial Branch</u></b>                           |                                 |  |                                       |                                  |   |                                 |
| Judicial Branch   | 1,862.66                        | 1,922.90                               | 1,922.90                              | 1,922.90                         | 0.00  | 0.0%                            |
| <b>Nonappropriated</b>                                  |                                 |  |                                       |                                  |   |                                 |
| Court Tech.& Modern. Fund                               | 1.00                            |  |                                       |                                  | 0.00  |                                 |
| <b>Total Judicial Branch</b>                            | <u>1,863.66</u>                 | <u>1,922.90</u>                        | <u>1,922.90</u>                       | <u>1,922.90</u>                  | <u>0.00</u>                                 | <u>0.0%</u>                     |
| <b><u>Law Enforcement Academy</u></b>                   |                                 |  |                                       |                                  |   |                                 |
| Operations  | 28.17                           | 30.05                                  | 30.05                                 | 30.05                            | 0.00  | 0.0%                            |

# Justice System

## FTE

|   | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|   | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Parole, Board of</u></b>              |                   |                          |                         |                    |                               |                   |
| Parole Board                                | 13.08             | 16.50                    | 16.50                   | 16.50              | 0.00                          | 0.0%              |
| <b><u>Public Defense, Department of</u></b> |                   |                          |                         |                    |                               |                   |
| <b>Public Defense, Dept. of</b>             |                   |                          |                         |                    |                               |                   |
| Military Division                           | 261.04            | 279.28                   | 310.80                  | 310.80             | 31.52                         | 11.3%             |
| <b>Emergency Management Division</b>        |                   |                          |                         |                    |                               |                   |
| Emergency Management Division               | 26.19             | 25.25                    | 25.25                   | 25.25              | 0.00                          | 0.0%              |
| <b>Nonappropriated</b>                      |                   |                          |                         |                    |                               |                   |
| Wireless E911 Surcharge                     | 2.47              | 2.50                     | 2.50                    | 2.50               | 0.00                          | 0.0%              |
| Nat Guard Fac Improv Fund                   | 3.60              | 4.00                     | 4.00                    | 4.00               | 0.00                          | 0.0%              |
| Military Operations Fund                    | 2.05              | 1.00                     | 1.00                    | 1.00               | 0.00                          | 0.0%              |
| CDC Bioterrorism                            | 0.00              | 3.00                     | 3.00                    | 0.00               | -3.00                         | -100.0%           |
| Power Plant Funds                           | 4.51              | 6.00                     | 4.50                    | 4.50               | -1.50                         | -25.0%            |
| Hazard Mitigation                           | 3.98              | 4.75                     | 6.75                    | 6.75               | 2.00                          | 42.1%             |
| Pre-Disaster Mitigation                     | 0.00              | 1.00                     | 1.00                    | 0.00               | -1.00                         | -100.0%           |
| State & Local Assistance                    | 2.92              | 0.00                     | 3.20                    | 3.20               | 3.20                          |                   |
| DOJ - Terrorism                             | 0.00              | 4.00                     | 4.00                    | 0.00               | -4.00                         | -100.0%           |
| Emergency Response Fund                     | 0.47              | 0.20                     | 0.80                    | 0.80               | 0.60                          | 300.0%            |
| Haz Mat Trans UNIF Safety Act               | 0.59              | 1.00                     | 1.50                    | 1.50               | 0.50                          | 50.0%             |
| 1999 Storm #1282/Pub. Asst.                 | 1.65              | 2.00                     | 2.50                    | 2.50               | 0.50                          | 25.0%             |
| <b>Total Nonappropriated</b>                | <b>22.24</b>      | <b>29.45</b>             | <b>34.75</b>            | <b>26.75</b>       | <b>-2.70</b>                  | <b>-9.2%</b>      |
| <b>Total Public Defense, Department of</b>  | <b>309.47</b>     | <b>333.98</b>            | <b>370.80</b>           | <b>362.80</b>      | <b>28.82</b>                  | <b>8.6%</b>       |
| <b><u>Public Safety, Department of</u></b>  |                   |                          |                         |                    |                               |                   |
| <b>Public Safety, Dept. of</b>              |                   |                          |                         |                    |                               |                   |
| Public Safety Administration                | 34.85             | 36.00                    | 36.00                   | 37.00              | 1.00                          | 2.8%              |
| Investigation, DCI                          | 212.82            | 217.50                   | 217.50                  | 221.50             | 4.00                          | 1.8%              |
| Narcotics Enforcement                       | 55.11             | 57.00                    | 57.00                   | 59.00              | 2.00                          | 3.5%              |
| Fire Marshal                                | 32.52             | 35.00                    | 35.00                   | 39.00              | 4.00                          | 11.4%             |

# Justice System

## FTE

|   | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|   | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| Fire Service                              | 8.42              | 12.00                    | 12.00                   | 12.00              | 0.00                          | 0.0%              |
| Iowa State Patrol                         | 507.39            | 510.00                   | 510.00                  | 510.00             | 0.00                          | 0.0%              |
| Capitol Police                            | 23.66             | 26.00                    | 26.00                   | 26.00              | 0.00                          | 0.0%              |
| Fire Fighter Training                     | 0.49              | 1.00                     | 1.00                    | 1.00               | 0.00                          | 0.0%              |
| <b>Total Public Safety, Dept. of</b>      | 875.26            | 894.50                   | 894.50                  | 905.50             | 11.00                         | 1.2%              |
| <b>Nonappropriated</b>                    |                   |                          |                         |                    |                               |                   |
| Peace Officers Retirement Fund            | 1.00              | 1.00                     | 1.00                    | 1.00               | 0.00                          | 0.0%              |
| <b>Total Public Safety, Department of</b> | 876.26            | 895.50                   | 895.50                  | 906.50             | 11.00                         | 1.2%              |
| <b>Total Justice System</b>               | 7,568.65          | 7,980.66                 | 7,991.18                | 8,039.10           | 58.44                         | 0.7%              |

# Trans., Infra., and Capitals

FTE

|   | Actual<br>FY 2003 | Estimated Net<br>FY 2004 | Dept Request<br>FY 2005 | Gov Rec<br>FY 2005 | Gov. Rec. vs.<br>Est. FY 2004 | Percent<br>Change |
|---|-------------------|--------------------------|-------------------------|--------------------|-------------------------------|-------------------|
|   | (1)               | (2)                      | (3)                     | (4)                | (5)                           | (6)               |
| <b><u>Transportation, Department of</u></b> |                   |                          |                         |                    |                               |                   |
| <b>Primary Road Fund</b>                    |                   |                          |                         |                    |                               |                   |
| Operations                                  | 261.00            | 270.00                   | 271.00                  | 271.00             | 1.00                          | 0.4%              |
| Administrative Services                     | 38.60             | 37.00                    | 37.00                   | 37.00              | 0.00                          | 0.0%              |
| Planning                                    | 111.80            | 142.00                   | 142.00                  | 142.00             | 0.00                          | 0.0%              |
| Highways                                    | 2,236.70          | 2,485.00                 | 2,467.00                | 2,467.00           | -18.00                        | -0.7%             |
| Motor Vehicles                              | 483.10            | 508.00                   | 507.00                  | 507.00             | -1.00                         | -0.2%             |
| <b>Total Primary Road Fund</b>              | <b>3,131.20</b>   | <b>3,442.00</b>          | <b>3,424.00</b>         | <b>3,424.00</b>    | <b>-18.00</b>                 | <b>-0.5%</b>      |
| <b>Nonappropriated</b>                      |                   |                          |                         |                    |                               |                   |
| Highway Beautification Fund                 | 6.60              | 9.00                     | 9.00                    | 9.00               | 0.00                          | 0.0%              |
| Materials and Equipment Revolv              | 76.20             | 87.00                    | 87.00                   | 87.00              | 0.00                          | 0.0%              |
| <b>Total Nonappropriated</b>                | <b>82.80</b>      | <b>96.00</b>             | <b>96.00</b>            | <b>96.00</b>       | <b>0.00</b>                   | <b>0.0%</b>       |
| <b>Total Trans., Infra., and Capitals</b>   | <b>3,214.00</b>   | <b>3,538.00</b>          | <b>3,520.00</b>         | <b>3,520.00</b>    | <b>-18.00</b>                 | <b>-0.5%</b>      |

# Unassigned Standing

## FTE

|   | Actual<br>FY 2003<br><u>(1)</u> | Estimated Net<br>FY 2004<br><u>(2)</u> | Dept Request<br>FY 2005<br><u>(3)</u> | Gov Rec<br>FY 2005<br><u>(4)</u> | Gov. Rec. vs.<br>Est. FY 2004<br><u>(5)</u> | Percent<br>Change<br><u>(6)</u> |
|---|---------------------------------|--|---------------------------------------|----------------------------------|---|---------------------------------|
| <b><u>Legislative Branch</u></b>            |                                 |  |                                       |                                  |   |                                 |
| Legislature                                 | 401.02                          | 401.02                                 | 401.02                                | 401.02                           | 0.00  | 0.0%                            |
| <b><u>Public Defense, Department of</u></b> |                                 |  |                                       |                                  |   |                                 |
| Compensation & Expense                      | <u>0.23</u>                     | <u>0.30</u>                            | <u>0.30</u>                           | <u>0.30</u>                      | <u>0.00</u>                                 | <u>0.0%</u>                     |
| <b>Total Unassigned Standing</b>            | <u><u>401.25</u></u>            | <u><u>401.32</u></u>                   | <u><u>401.32</u></u>                  | <u><u>401.32</u></u>             | <u><u>0.00</u></u>                          | <u><u>0.0%</u></u>              |

## APPENDIX B

# PROJECTED FY 2005 BUILT-IN AND ANTICIPATED GENERAL FUND EXPENDITURES

(Dollars in Millions)

|  | <b>LSA<br/>Estimates</b> |
|--|--------------------------|
| <b>Incremental Built-in Increases and Decreases</b>        |                          |
| K-12 School Foundation Aid (FY 2004 Allowable Growth)      | \$ 115.9                 |
| K-12 School Instructional Support Standing Appropriation   | 0.4                      |
| Education - College Student Aid Work Study Program         | 2.8                      |
| Machinery & Equipment Property Tax Replacement Fund        | -11.0                    |
| Homestead Tax Credit                                       | 17.5                     |
| Agricultural Land Tax Credit                               | 4.5                      |
| Elderly and Disabled Tax Credit                            | 3.3                      |
| Franchise Reimbursement Tax                                | -8.6                     |
| Livestock Producer Tax Credit                              | 0.2                      |
| Human Services – Medical Assistance                        | 75.0                     |
| Human Services – State Children’s Health Insurance Program | 2.1                      |
| Mental Health Growth Factor                                | 4.7                      |
| Education – Early Intervention Block Grant                 | -29.3                    |
| Educational Excellence                                     | 1.4                      |
| Education – At-Risk Early Childhood Education              | 1.3                      |
| Education – Nonpublic School Transportation                | 0.2                      |
| School to Career Program                                   | 0.5                      |
| State Appeal Board Claims                                  | 2.9                      |
| Public Transit Assistance                                  | -8.3                     |
| Endowment for Iowa’s Health Account Appropriation          | 29.8                     |
| Total Built-in Increases and Decreases                     | <u>\$ 205.3</u>          |

## PROJECTED FY 2005 BUILT-IN AND ANTICIPATED GENERAL FUND EXPENDITURES (CONTINUED)

(Dollars in Millions)

| <b>Anticipated Incremental Increases and Decreases</b>                    | <b>LSA<br/>Estimates</b> |
|---|--------------------------|
| FY 2005 Collective Bargaining Salary Package                              | \$ 69.4                  |
| Education - Teacher Quality/Student Achievement                           | 1.2                      |
| Corrections - Clarinda Lodge Operating Costs                              | 2.4                      |
| Corrections – Fourth Community Based Corrections District Annualized Cost | 0.2                      |
| Inspections and Appeals - Indigent Defense                                | 1.2                      |
| Judicial Branch – Retirement Fund Contribution                            | 2.9                      |
| Judicial Branch – New Building Operational Costs                          | 0.5                      |
| Public Safety – State Patrol  | 1.2                      |
| Regents – Tuition Replacement   | -0.3                     |
| Management – Public Strategies Group (PSG) Contract                       | -6.3                     |
| Human Services – Woodward and Glenwood State Resource Centers             | 3.5                      |
| Human Services – Sexual Predators Civil Commitment and Treatment          | 0.9                      |
| Child Welfare Technology  | -1.2                     |
| Child Welfare Loan Fund   | -1.0                     |
| Charter Agency Loan Fund  | -1.4                     |
| Total Anticipated Increases and Decreases                                 | \$ 73.2                  |
| <br>TOTAL PROJECTED EXPENDITURES  | <br>\$ 278.5             |

Note: The estimated built-in and anticipated General Fund expenditures will be updated to reflect the Governor's recommended changes. The changes will be posted to the LSA web site as soon as they are completed.

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)  | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4)  | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|--|---|---|---|--|----------------|
| <b>K-12 School Foundation Aid</b><br><br><i>Standing Unlimited Appropriation</i> | The School Foundation Program establishes limits and controls on local school district spending authority. By formula, the Program determines the amount of State Aid and local property tax used in funding the majority of school district budgets. | Assumes the following: <ul style="list-style-type: none"> <li>• 2.0% allowable growth and an enrollment decrease of 0.6%.</li> <li>• Decrease in taxable valuations of 2.0%.</li> <li>• Special ed. weightings based on district projections of a 1.2% increase.</li> <li>• Supplemental weighting for shared pupil/teacher increase of 10.0%.</li> <li>• English as a Second Language weighting increase of 10.0%.</li> <li>• At-risk students increase of 0.6%.</li> <li>• Restores FY 2004 \$45.4 million 2.5% across-the-board reduction.</li> <li>• Restores \$10.0 million of the FY 2004 \$17.5 million reduction to the Area Education Agencies.</li> </ul> | \$ 115.9  | <ul style="list-style-type: none"> <li>• A reduction to allowable growth by each 1.0% will reduce State Aid by approximately by \$23.5 million.</li> </ul> | \$ 23.5        |
|  |   |   | <ul style="list-style-type: none"> <li>• Increasing the Uniform Levy from \$5.40 to \$5.90 is estimated to reduce State Aid by \$49.6 million. This option will increase local property tax by the amount reduced to State aid.</li> </ul>  | \$ 49.6  |                |
|  |   |   | <ul style="list-style-type: none"> <li>• Reducing the Regular Program and Special Education Regular Program Foundation Level from 87.5% to 85.5% will reduce State Aid and increase local property tax.</li> <li>• Reduce the FY 2005 State Cost per Pupil and District Cost per Pupil by \$200 and reduce the AEA Special Education Cost per Pupil by \$25.</li> </ul> | \$ 52.8<br><br>\$ 111.0  |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6) |
|--|--|--|--|---|----------------|
| <b>K-12 Instructional Support</b><br><br><i>Standing Unlimited Appropriation</i>                       | Schools may levy for up to 10.0% of the regular program costs and the State funds a proportion specified in the <u>Code of Iowa</u> .  | <ul style="list-style-type: none"> <li>Restores the 2.5% across-the-board reduction.</li> </ul>  | \$ 0.4                                       | <ul style="list-style-type: none"> <li>Reduce the State's contribution by half and allow school districts to recover the amount through property tax.</li> </ul>                              | \$ 7.4         |
| <b>Education – College Student Aid Work Study Program</b><br><br><i>Standing Limited Appropriation</i> | This is a standing limited appropriation set at \$2,750,000 in Section 261.85, <u>Code of Iowa</u> . This State funding is provided to colleges and universities to supplement federal work-study funds of approximately \$11.0 million annually. The State funding does not serve as a match for the federal funds. | <ul style="list-style-type: none"> <li>This funding was nullified for FY 2003 in SF 2326 (FY 2003 Omnibus Appropriations Act) and nullified for FY 2004 in HF 662 (FY 2004 Education Appropriations Act).</li> </ul> | \$ 2.8                                       | <ul style="list-style-type: none"> <li>Nullify the appropriation for FY 2005. Since this is a standing appropriation, the General Assembly will have to take action to nullify it.</li> </ul> | \$ 2.8         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)                                      | Savings<br>(6) |
|---|--|--|--|---|----------------|
| <b>Machinery and Equipment (M &amp; E) Property Tax Replacement Fund</b><br><br><i>Standing Unlimited Appropriation</i> | Due to the phase out of the property tax on M&E, current law provides for the replacement of lost valuation compared to the base year (FY 1996). House File 2165 (1996 Legislative Session) expanded the replacement to include tax increment financing (TIF) districts. | <ul style="list-style-type: none"> <li>• SF 453 and SF 458 capped the amount for the M &amp; E appropriation at \$11.3 million for FY 2004 and repealed the standing appropriation provisions beginning in FY 2005.</li> <li>• The FY 2004 2.5% across-the-board reduction (\$282,000) is factored into the estimate.</li> </ul> | \$ -11.0                                     | <ul style="list-style-type: none"> <li>• No options identified.</li> </ul>              |                |
| <b>Homestead Tax Credit</b><br><br><i>Standing Unlimited Appropriation</i>  | Provides a property tax credit for residential homeowners.   | <ul style="list-style-type: none"> <li>• Estimate is based on the assumption that the appropriation funds approximately 81.0% of the total cost Homestead Tax Credit.</li> <li>• Restores the FY 2004 2.5% across-the-board reduction.</li> </ul>  | \$ 17.5                                      | <ul style="list-style-type: none"> <li>• Maintain the FY 2004 funding level.</li> </ul> | \$ 17.5        |
| <b>Agricultural Land Tax Credit</b><br><br><i>Standing Limited Appropriation</i>  | Provides a property tax credit to individuals for qualified lands used for agricultural purposes. Includes the Family Farm Tax Credit.   | <ul style="list-style-type: none"> <li>• The increase restores the reductions enacted in FY 2004 and the 2.5% across-the-board reduction.</li> </ul>   | \$ 4.5                                       | <ul style="list-style-type: none"> <li>• Maintain the FY 2004 funding level.</li> </ul> | \$ 4.5         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6)       |
|---|--|--|--|--|----------------------|
| <b>Elderly and Disabled Tax Credit</b><br><br><i>Standing Limited Appropriation</i>     | Provides a property tax credit for low-income elderly or disabled taxpayers.   | <ul style="list-style-type: none"> <li>Estimate based on historical claims.</li> </ul>                                       | \$ 3.3                                       | <ul style="list-style-type: none"> <li>Maintain the FY 2004 funding level.</li> </ul>                            | \$ 3.3               |
| <b>Franchise Reimbursement Tax Credits</b><br><br><i>Standing Limited Appropriation</i> | Provides a tax credit to shareholders of a financial institution for franchise tax paid by the institution.  | <ul style="list-style-type: none"> <li>Reimbursement ends in FY 2004.</li> </ul>   | \$ -8.6                                      | <ul style="list-style-type: none"> <li>No options identified.</li> </ul>   |                      |
| <b>Livestock Producer Tax Credit</b><br><br><i>Standing Limited Appropriation</i>       | Provides funding for an income tax credit earned by Iowa cow-calf operations. Section 422.121, <u>Code of Iowa</u> limits total credits to \$2.0 million per year. | <ul style="list-style-type: none"> <li>The increase restores the appropriation to the \$2.0 million annual limit.</li> </ul> | \$ 0.2                                       | <ul style="list-style-type: none"> <li>Maintain FY 2004 funding level.</li> <li>Eliminate the Credit.</li> </ul> | \$ 0.2<br><br>\$ 2.0 |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|--|--|--|--|--|----------------|
| <b>Human Services –<br/>Medical Assistance</b><br><br><i>Appropriation</i> | <p>Medical Assistance is a state/federal entitlement program that provides medical services to eligible low-income recipients. To qualify for federal funding, the State must reimburse providers for certain mandatory services. The State has the option to provide coverage of additional services and can elect to expand coverage to optional eligibility groups. Iowa is currently covering most of the optional services and optional eligibility groups for which federal funding is available. The State also has the ability to set the rates it uses to reimburse service providers, within federal guidelines.</p> | <ul style="list-style-type: none"> <li>• Adds \$47.0 million to reflect the elimination of a one-time 2.95% increase in the Federal Matching Assistance Percentage.</li> <li>• Allows for a 6.2% increase in expenditures due to increased enrollment and cost of services.</li> <li>• Allows for 6.4% enrollment growth.</li> </ul> | \$ 75.0                                      | <ul style="list-style-type: none"> <li>• Continue the 2.95% increase in the Federal Match percentage from FY 2004. Requires Congressional Action. Continuation at the FY 2004 level saves \$47.0 million.</li> <li>• Reduce or eliminate optional Medicaid coverage groups. The savings will depend on the options eliminated.</li> <li>• Reduce or freeze current provider rates. The savings depends on which provider rates are adjusted.</li> <li>• Eliminate optional services. The savings will depend on the options eliminated.</li> </ul> | \$ 47.0        |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6)        |
|---|--|--|--|---|-----------------------|
| <b>Human Services – State<br/>Children’s Health<br/>Insurance Program</b><br><br><i>Appropriation</i> | The State Children’s Health Insurance Program (CHIP) provides health insurance to low-income uninsured children living in families with incomes below 200.0% of the federal poverty level.   | <ul style="list-style-type: none"> <li>• Includes a 9.4% increase in Healthy and Well Kids in Iowa (<i>hawk-i</i>) enrollment and a 10.5% increase in the Medicaid expansion enrollment over the FY 2004 projected enrollment.</li> <li>• Includes a 10.7% increase in the average cost per child over the FY 2004 projected cost.</li> <li>• Assumes a carry forward balance in the <i>hawk-i</i> Trust Fund of \$1.7 million at the beginning of FY 2005.</li> </ul> | \$ 2.1                                       | <ul style="list-style-type: none"> <li>• Initiate waiting list, change benefit package currently offered, and improve federal legislation related to Program requirements and allotments.</li> <li>• Implementing a waiting list in July 2004 saves approximately \$600,000. Savings for other options depend on the level of reduction.</li> </ul> | \$ 0.6                |
| <b>Mental Health Growth<br/>Factor</b><br><br><i>Appropriation</i>                                    | The Mental Health Growth Factor provides an increase for inflation applied to the sum of the county base expenditures for county Mental Health/Mental Retardation/Developmental Disabilities Services funds and the previous allowable growth appropriation. | <ul style="list-style-type: none"> <li>• A 2.0% increase in the formula from the base expenditure calculation was enacted in SF 458 (FY 2004 Standings, Salary Provisions, and Statutory Changes Act).</li> </ul>  | \$ 4.7                                       | <ul style="list-style-type: none"> <li>• Eliminate the FY 2005 increase enacted in SF 458.</li> <li>• Eliminate the FY 2005 allowable growth for mental health expenditures.</li> </ul>   | \$ 4.7<br><br>\$ 23.7 |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)  | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)                                    | Savings<br>(6) |
|--|---|--|--|---|----------------|
| <b>Education – Early Intervention Block Grant</b><br><br><i>Standing Limited Appropriation</i> | Provides grants to local school districts to reduce K-3 class size.         | <ul style="list-style-type: none"> <li>Without further action by the General Assembly, the standing appropriation sunsets at the end of FY 2004.</li> </ul>  | \$ -29.3                                     | <ul style="list-style-type: none"> <li>No options identified.</li> </ul>              |                |
| <b>Educational Excellence</b><br><br><i>Standing Limited Appropriation</i>                     | Provides allocations to local school districts to enhance teacher salaries. | <ul style="list-style-type: none"> <li>The statute was amended in the 2003 session to reduce the standing appropriation to \$56.9 million. The FY 2004 appropriation was further reduced by the 2.5% across-the-board reduction. Without a similar reduction in FY 2005, the appropriation will return to \$56.9 million.</li> </ul> | \$ 1.4                                       | <ul style="list-style-type: none"> <li>Maintain the FY 2004 funding level.</li> </ul> | \$ 1.4         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)  | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)                                    | Savings<br>(6) |
|---|---|--|--|---|----------------|
| <b>Education – At-Risk<br/>Early Childhood<br/>Education</b><br><br><i>Standing Limited<br/>Appropriation</i> | Provides grants to preschool and K-3 programs to enhance at-risk early childhood education. | <ul style="list-style-type: none"> <li>The standing appropriation was reduced by \$1.0 million for FY 2004. It was further reduced by the 2.5% across-the-board reduction. Without further action by the General Assembly, it will return to the statutory amount of \$12.6 million in FY 2004.</li> </ul> | \$ 1.3                                       | <ul style="list-style-type: none"> <li>Maintain the FY 2004 funding level.</li> </ul> | \$ 1.3         |
| <b>Nonpublic School<br/>Transportation</b>  | Provides reimbursement of transportation expenses to parents of nonpublic school children.  | <ul style="list-style-type: none"> <li>The FY 2004 standing appropriation was reduced to \$7.6 million as a result of the across-the-board reduction. Without further action by the General Assembly, it will return to the estimated amount of \$7.8 million in FY 2005.</li> </ul>                       | \$ 0.2                                       | <ul style="list-style-type: none"> <li>Maintain the FY 2004 funding level.</li> </ul> | \$ 0.2         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|--|--|--|--|--|----------------|
| <b>School to Career Program</b><br><br><i>Standing Limited Appropriation</i> | Provides post-secondary training (classroom training and company internships) in career fields needed by employers. The employer funds a portion of the student's post-secondary education or apprenticeship training and receives a partial reimbursement for the student employee's wages. | <ul style="list-style-type: none"> <li>• Section 15.365, <u>Code of Iowa</u>, appropriates up to \$500,000 annually for the Program.</li> <li>• In FY 2004, this Section was notwithstanding and \$28,498 was appropriated.</li> </ul> | \$ 0.5                                       | <ul style="list-style-type: none"> <li>• Notwithstanding Section 15.365 and appropriate a lesser amount. The Department of Economic Development is requesting the same funding for FY 2005 as in FY 2004.</li> </ul> | \$ 0.5         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6) |
|---|--|---|--|---|----------------|
| <p><b>State Appeal Board Claims</b><br/><i>Standing Unlimited</i></p> | <p>The Board is composed of the Auditor, Treasurer and the Director of the Department of Management. (Section 73A.1, <u>Code of Iowa</u>)</p> <p>The Board authorizes claims under:</p> <ul style="list-style-type: none"> <li>• Chapter 25, <u>Code of Iowa</u>, for the payment of bills, fees, refunds, and credits; and</li> <li>• Chapter 669, <u>Code of Iowa</u>, State Tort Claims.</li> </ul> <p>Payment is made from the appropriation or fund of original certification of the claim, unless the appropriation or fund has reverted. Then the payment is from un-obligated State funds.</p> | <ul style="list-style-type: none"> <li>• Increase based on historical level of claims paid through the Appeal Board.</li> <li>• From FY 1999 through FY 2003, the State has paid an average of \$7.4 million in claims annually.</li> <li>• In FY 2004, the General Assembly appropriated \$4.5 million for claims.</li> <li>• The FY 2005 claims are estimated to be \$7.4 million.</li> </ul> | <p>\$ 2.9</p>                                | <ul style="list-style-type: none"> <li>• Section 25.7, <u>Code of Iowa</u>, provides that any claim against the State presented to the General Assembly through the State Appeal Board, and the General Assembly has refused to make an appropriation, such refusal constitutes adjudication against the claim, which bars any further proceedings before the General Assembly for the payment of the claim. No estimate for savings provided.</li> </ul> |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)                                     | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5) | Savings<br>(6) |
|---|--|--|--|--|----------------|
| <b>Public Transit Assistance</b><br><br><i>Standing Unlimited</i> | Prior to FY 2005, Section 312.2(14), <u>Code of Iowa</u> , credited an amount equal to 1/20 of 80.0% of the motor vehicle use tax receipts to the General Fund. These funds were then appropriated for public transit. | <ul style="list-style-type: none"> <li>• House File 2626 (FY 2003 Transportation Appropriations Act), allocated motor vehicle use tax receipts directly to the Department of Transportation for distribution to public transit systems in FY 2005. The standing appropriation will no longer be made from the General Fund. In addition, the General Fund will no longer receive the motor vehicle use tax revenue.</li> </ul> | \$ -8.3                                      | • No options identified.                           |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Built-In Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)  | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|---|---|--|--|--|----------------|
| <b>Endowment for Iowa's Health Account</b><br><br><i>Standing Limited Appropriation</i> | Senate File 533 (FY 2002 Tobacco Securitization Appropriations Act) established a six-year standing limited appropriation beginning in FY 2002 to the Endowment for Healthy Iowans. The amounts are as follows: <ul style="list-style-type: none"> <li>• FY 2002 - \$7.2 million</li> <li>• FY 2003 - \$27.1 million</li> <li>• FY 2004 - \$28.3 million</li> <li>• FY 2005 - \$29.8 million</li> <li>• FY 2006 - \$29.6 million</li> <li>• FY 2007 - \$17.8 million</li> </ul> | <ul style="list-style-type: none"> <li>• The appropriations for FY 2002 through FY 2004 were deappropriated.</li> <li>• The standing appropriation for FY 2005 is \$29.8 million.</li> </ul> | \$ 29.8                                      | <ul style="list-style-type: none"> <li>• Deappropriate the FY 2005 standing appropriation. Reduction of this appropriation may cause cash-flow problems for the Endowment, which is mandated to appropriate a minimum of \$57.5 million to the Healthy Iowans Tobacco Trust in FY 2005.</li> </ul> | \$ 29.8        |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)   | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|--|--|---|--|--|----------------|
| <b>Collective Bargaining<br/>Salary Packages</b><br><br><i>Appropriation</i> | Estimated salary increases for negotiated collective bargaining costs. | <ul style="list-style-type: none"> <li>• Salary increases are subject to collective bargaining and represent the historical cost.</li> <li>• Based on an increase of \$11.7 million for merit steps, \$3.6 million for benefit enhancements, \$7.0 million for cost of living, \$17.1 million for salary annualization, and \$30.0 million for the Board of Regents.</li> <li>• The estimate does not include annualization for employees of the Board of Regents.</li> </ul> | \$ 69.4                                      | <ul style="list-style-type: none"> <li>• Change salary funding policy from past practice. No estimate for savings provided.</li> </ul> |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6)        |
|--|--|--|--|---|-----------------------|
| <b>Teacher Quality/Student Achievement Program</b><br><br><i>Appropriation</i> | Provides funding to school districts to enhance teacher salaries, for a Beginning Teacher and Mentoring Program, for an evaluator training program for administrators, and a team-based variable pay pilot program.<br><br>Provides funding to the Department of Education for the implementation of the Career Development Program, for National Board Certification stipends, and for administration costs of the Program. | <ul style="list-style-type: none"> <li>• In FY 2004, a total of \$44.3 million was originally appropriated from the General Fund for this Program. The 2.5% across-the-board reduction lowered it to \$43.1 million.</li> <li>• The FY 2005 estimate assumes the Program will be funded at the original FY 2004 level, as the Department of Education is requesting.</li> <li>• Assumes the entire amount for FY 2005 will be appropriated from the General Fund.</li> </ul> | \$ 1.2                                       | <ul style="list-style-type: none"> <li>• Eliminate the Program requirements and associated funding.</li> <li>• Fund the Program at \$43.1 million, the FY 2004 level after the across-the-board reduction.</li> </ul> | \$ 43.1<br><br>\$ 1.2 |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)  | Description of Programs<br>(2)  | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6) |
|--|---|---|--|---|----------------|
| <b>Corrections – Clarinda Lodge Operating Costs</b><br><i>Appropriation</i>                              | HF 683 (Grow Iowa Values Fund Act) appropriated \$730,400 from the Rebuild Iowa Infrastructure Fund to renovate a lodge at the Clarinda campus to house 225 minimum-security beds. The Act also appropriated \$793,432 from the General Fund for FY 2004 one-time costs of opening the facility and two months of operating costs. The built-in costs for FY 2005 (\$2.5 million and 42.9 FTE positions) are the net increase; FY 2004 one-time costs have been eliminated. | <ul style="list-style-type: none"> <li>• Includes annualized costs for operations. In FY 2004, the appropriation was based on opening a 225-bed facility in May 2004, after renovation has been completed.</li> </ul> | \$ 2.4                                       | <ul style="list-style-type: none"> <li>• The opening could be delayed. This action will increase overcrowding. The FY 2005 year-end prison population is projected to be 9,200, which is 131.6% of designed capacity (not including these 225 beds).</li> </ul> | \$ 2.4         |
| <b>Corrections - Fourth Community Based Corrections District Annualized Cost</b><br><i>Appropriation</i> | The General Assembly appropriated a total of \$1.1 million for FY 2000 and FY 2001 to fund a portion of the cost associated with the expansion of the Fourth Judicial District Correctional Facility.   | <ul style="list-style-type: none"> <li>• This is the additional funding the Department will need in FY 2005 to annualize the operating costs of the new Women's Facility in Council Bluffs.</li> </ul>                | \$ 0.2                                       | <ul style="list-style-type: none"> <li>• No options identified.</li> </ul>  |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|---|--|---|--|--|----------------|
| <b>Inspections and Appeals – Indigent Defense and State Public Defender</b><br><br><i>Appropriation</i> | The Indigent Defense Fund and State Public Defender’s Office provide legal counsel to indigent adult and juvenile clients to insure their constitutional right to effective legal counsel. | <ul style="list-style-type: none"> <li>• Based on FY 2003 actual expenditures.</li> <li>• Provides an additional \$1.2 million to the State Public Defender’s Office to fill all positions, as it is more cost effective for the Public Defender to staff cases (\$224 per case) than private attorneys (\$420 per claim). Assumes current authorized FTEs in the Public Defender’s Office will be filled, thereby lowering the overall increase in funds.</li> <li>• Restores the FY 2004 across-the-board reduction.</li> </ul> | \$ 1.2                                       | <ul style="list-style-type: none"> <li>• The General Assembly could lower the hourly rates for private attorneys.</li> <li>• The General Assembly could reduce fee limitations for private attorneys by the type of case. These limitations are currently set by administrative rule.</li> </ul> |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|---|--|---|--|--|----------------|
| <b>Judicial Branch –<br/>Retirement Fund<br/>Contribution</b><br><br><i>Appropriation</i> | The Judicial Retirement System provides retirement benefits to judges. Pursuant to Section 602.9104(4), <u>Code of Iowa</u> , the employer's contribution rate is 23.7% of all covered judges' salaries. | <ul style="list-style-type: none"> <li>• Assumes a 3.0% cost of living increase.</li> <li>• Senate File 435 (FY 2004 Judicial Branch Appropriations Act) notwithstanding the <u>Code of Iowa</u> and reduced the employer's contribution rate to 9.7%.</li> <li>• This estimate assumes notwithstanding language will not be used in the FY 2005 bill, thus restoring the contribution rate to the codified 23.7%.</li> </ul> | \$ 2.9                                       | <ul style="list-style-type: none"> <li>• The July 2003 Actuarial Report recommends an employer contribution rate of 21.3%. If the <u>Code of Iowa</u> were notwithstanding from 23.7% to 21.3%, the savings would be approximately \$504,000.</li> </ul> | \$ 0.5         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)  | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)                         | Savings<br>(6) |
|---|---|--|--|--|----------------|
| <b>Judicial Branch –<br/>Building Operational<br/>Costs</b><br><br><i>Appropriation</i> | This includes the costs associated with operating the Judicial Building.  | <ul style="list-style-type: none"> <li>• Includes \$480,000 for operating and maintenance expenses.</li> <li>• Senate File 452 (FY 2004 Infrastructure Appropriations Act) allowed the Judicial Branch to use up to \$400,000 of the excess construction costs to offset the operating shortfall. This money was a one-time source of funding in FY 2004 and is not available in FY 2005.</li> </ul> | \$ 0.5                                       | <ul style="list-style-type: none"> <li>• No options identified.</li> </ul> |                |
| <b>Public Safety – State<br/>Patrol</b><br><br><i>Appropriation</i>                     | In FY 2004, the Iowa State Patrol appropriation was reduced by \$1.2 million due to the anticipated receipt of federal Operating While Intoxicated (OWI) incentive funding. | <ul style="list-style-type: none"> <li>• The federal funds will not be expected to be available in FY 2005.</li> </ul>   | \$ 1.2                                       | <ul style="list-style-type: none"> <li>• No options identified.</li> </ul> |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)                                    | Description of Programs<br>(2)   | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6) |
|--|--|--|--|---|----------------|
| <b>Regents – Tuition Replacement</b><br><br><i>Appropriation</i> | Tuition replacement is the appropriation to pay the debt service costs of academic revenue bonds. The bonds are sold when approved by the General Assembly to pay for certain buildings on the campuses of the Regents' institutions. The payments are "guaranteed" with tuition and fee revenues from the students attending the Regents' universities. | <ul style="list-style-type: none"> <li>• Based on current debt service schedules.</li> <li>• In FY 2004, the total General Fund Tuition Replacement appropriation is estimated to be \$13.3 million. This amount was reduced by \$333,000 by the FY 2.5% across-the-board reduction, resulting in \$13.0 million available for Tuition Replacement.</li> <li>• The General Fund portion of Tuition Replacement for FY 2005 is estimated to be \$12.7 million.</li> </ul> | \$ -0.3                                      | <ul style="list-style-type: none"> <li>• The General Assembly is not required by statute to pay this debt service cost. However, failure to pay the debt service cost could result in higher tuitions or jeopardize future bond ratings.</li> </ul> |                |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)   | Description of Programs<br>(2)   | Factors<br>(3)  | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)  | Savings<br>(6) |
|---|--|---|--|---|----------------|
| <b>Management – Public Strategies Group (PSG)</b>   | In FY 2004, the General Assembly passed SF 453 (Reinvention of Government Act) that reduced General Fund appropriations by \$116.3 million. In order to achieve the ongoing savings, the State contracted with the Public Strategies Group and provided a one-time appropriation of \$6.3 million to cover the estimated cost of the contract. | <ul style="list-style-type: none"> <li>The General Assembly provided a one-time appropriation of \$6.3 million in FY 2004 for the estimated cost of the Public Strategies Group contract. This appropriation will not be necessary in FY 2005.</li> </ul> | \$ -6.3                                      | <ul style="list-style-type: none"> <li>No options identified.</li> </ul>  |                |
| <b>DHS-Woodward and Glenwood State Resource Centers</b>   | The State and the Federal Department of Justice are in the process of settling out of court regarding treatment services at the Woodward and Glenwood State Resource Centers.  | <ul style="list-style-type: none"> <li>The pending federal settlement will require the DHS to add 23.0 FTE positions at Woodward at a cost of \$800,000 and 59.0 FTE positions at Glenwood at a cost of \$2.7 million.</li> </ul>                         | \$ 3.5                                       | <ul style="list-style-type: none"> <li>No options identified. If a settlement is reached and not funded, federal court action is likely.</li> </ul> |                |
| <b>Human Services – Sexual Predators Civil Commitment and Treatment</b><br><i>Appropriation</i> | Long-term mental health treatment of sexually violent predators, with housing at the Cherokee Mental Health Institute.   | <ul style="list-style-type: none"> <li>Based on an increase of one additional inmate per month and an increase in per diem costs.</li> </ul>  | \$ 0.9                                       | <ul style="list-style-type: none"> <li>Eliminate the Program.</li> </ul>  | \$ 2.8         |

## FY 2005 ESTIMATED GENERAL FUND EXPENDITURES

### Anticipated Increases and Decreases

(Dollars in Millions)

| Programs/Appropriation<br>(1)                           | Description of Programs<br>(2)  | Factors<br>(3)   | Current Law<br>FY 2005 vs.<br>FY 2004<br>(4) | Options for Reductions<br>and Other Options<br>(5)   | Savings<br>(6) |
|---|---|--|--|--|----------------|
| <b>Child Welfare Technology</b><br><i>Appropriation</i> | This is a one-time appropriation for training and technology changes resulting from the child welfare redesign.   | <ul style="list-style-type: none"> <li>This is a one-time source of funding for FY 2004 that will not be required in FY 2005.</li> </ul>   | \$ -1.2                                      | <ul style="list-style-type: none"> <li>No options identified.</li> </ul>   |                |
| <b>Child Welfare Loan Fund</b>                          | This is a one-time appropriation for loans to enable providers to adapt to the changes resulting from the child welfare redesign.   | <ul style="list-style-type: none"> <li>This is a one-time funding source for FY 2004 that will not be required in FY 2005.</li> </ul>  | \$ -1.0                                      | <ul style="list-style-type: none"> <li>No options identified.</li> </ul>   |                |
| <b>Charter Agency Loan Fund</b><br><i>Appropriation</i> | The General Assembly established a Charter Agency Loan Fund and appropriated \$3.0 million to the Fund in an effort to facilitate cost savings or revenue generation by the charter agencies. | <ul style="list-style-type: none"> <li>Of the \$3.0 million appropriated to the Fund, \$1.6 million of the Loan Fund was used to offset the required charter agency savings of \$7.0 million. The remaining \$1.4 million is available to be used in as intended by the Loan Fund.</li> <li>It is assumed the \$3.0 million appropriation to the Fund was a one-time appropriation.</li> </ul> | \$ -1.4                                      | <ul style="list-style-type: none"> <li>Require the Department of Management to reach the \$7.0 million annual savings from charter agencies without additional funds.</li> </ul> | \$ 1.6         |

## APPENDIX C

### GLOSSARY OF BUDGET TERMS

**Across-The-Board Reduction:** Section 8.31, Code of Iowa, authorizes the Governor to reduce quarterly allotments of appropriations in amounts sufficient to avoid an overdraft or deficit. The Governor, through Executive Order, has the authority to enact across-the-board reductions in order to restrict spending. While the actual appropriation amount will remain unchanged, the reduction in allotments will reduce spending and will increase reversions. The statute specifically exempts the Legislative Branch and the Judicial Branch from across-the-board reductions made by the Governor. The Governor cannot exempt any specific appropriations from across-the-board reductions; the reduction must be applied across-the-board uniformly and prorated between all departments, agencies, and establishments upon the basis of each respective appropriation. Attorney General opinions in 1980 and 1989 stated that the Governor may not make selective mandatory reductions in appropriations through the practice of “targeted reversions.” Governor Ray issued two of these Orders, Governor Branstad issued four, and Governor Vilsack issued two, with the most recent being a 2.5% decrease (estimated \$82.6 million reduction) through Executive Order #31 on October 10, 2003. Departments designated as Charter Agencies are exempt from across-the board-budget reductions in FY 2004 and FY 2005.

**Accrual:** The basis of accounting under which revenues are recorded when earned and expenditures are recognized in the period in which benefit is derived, providing for the matching of expense against related revenue.

**Allocation:** Funds and/or personnel that are apportioned or designated for a program, function, or activity.

**Appropriation:** A legislative allocation of money for a specific purpose.

**75.0% Base Budgeting:** A form of modified base budgeting used by the State by which agency managers assume that 75.0% of the current appropriation becomes the base budget for the next fiscal year.

**Budget Unit:** A predetermined grouping of one or more organizations that indicates an individual entity within a department. There may be one or more budget units within a department. A budget unit generally equals an appropriation made by the General Assembly.

**Budgeting for Results:** A form of budgeting that ties the appropriation of resources to the expected outcomes or results of a program. A results-oriented performance budget is developed by defining desired program results and determining

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how many units of the desired outcomes can be achieved with the requested level of funding. Resources are then allocated based on the expected performance. Progress toward meeting outcomes is tracked and analyzed, and department directors are held accountable for progress.

**Capital Appropriation:** An appropriation for long-term additions to or betterment of State property, such as land, buildings, or equipment.

**Charter Agency:** A Department or Division in State government has signed an agreement with the Governor to decrease General Fund expenditures, increase General Fund revenues, or a combination of the two during FY 2004. The agreements were signed on September 12, 2003. In exchange for General Fund budget adjustments, Charter Agencies receive some flexibility with current State rules related to budgeting and daily operations. Charter Agencies were authorized in SF 453 (Reinvention of Government Act). Charter Agencies for FY 2004 include: Departments of Corrections, Human Services, Natural Resources, Revenue, the Alcoholic Beverages Division, and the Iowa Veterans Home.

**Contract Personnel:** Additional workers departments hire from private sector employment organizations using a contractual agreement. The individuals are employees of employment agencies and not the State.

**Cost-Of-Living Adjustment (COLA):** An annual increase made in the personal services line-item at the beginning of the fiscal year to account for increases in the cost of living. The adjustment is determined in the collective bargaining process.

**Deappropriation:** A decrease in the amount of an appropriation for a current fiscal year.

**Decision Package:** An individual request for funding made by a department for personnel, services, equipment, capitals, or other items. Decision packages are either requests to restore the budget to 100.0% of the previous year's appropriation from the 75.0% base budget, or new requests for funding that are above the previous year's appropriation. Decision packages are normally listed in priority order for each budget unit.

**Electronic Publishing of Information:** A project to provide electronic access to information produced or provided by the Fiscal Services Division of the Legislative Services Agency.



**Estimated Revenues:** A projection compiled by the Revenue Estimating Conference (REC) for General Fund receipts.

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**Expenditures:** Disbursements and payables for services rendered and goods received including authorized encumbrances for a specific period.

**Estimated Expenditures:** A projection compiled according to legislative action, adjusted for salary, cost-of-living, and merit increases.

**Family Investment Program (FIP):** The Program in Iowa replacing the Aid for Families with Dependent Children (AFDC) Program, also referred to as Welfare. The Program is administered by the Department of Human Services and receives federal funding from the Temporary Assistance for Needy Families (TANF) federal block grant.

**Federal Fiscal Year (FFY):** The 12-month financial period used by the federal government for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The federal fiscal year runs from October 1 through September 30.

**Fiscal Year (FY):** The 12-month financial period used by State government for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The State fiscal year runs from July 1 to June 30.

**Full-Time Equivalent (FTE) Positions:** One full-time equivalent position represents 2,080 working hours, which is the regular number of hours worked by one full-time person in one fiscal year.

**General Fund:** The Fund with receipts that are not earmarked for dedicated purposes which supports the general functions of State government.

**Generally Accepted Accounting Principles (GAAP):** A method of accounting approved by the Governmental Accounting Standards Board.

**Goal:** A broad statement of purpose or intended achievement as established by policy makers or program administrators.

**Grants and Aids:** State money that passes through State departments for local needs.

**Item Veto:** The action by the Governor that voids a section of an appropriation bill.

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**Legislative Services Agency:** The Legislative Branch agency that resulted from the reorganization and combination of the Legislative Service Bureau, the Legislative Fiscal Bureau, and the Computer Support Bureau as authorized in HF 636 (Legislative Consolidation Act).

**Line-Item:** A term used to describe funds requested and/or appropriated on a detailed or itemized basis, such as personal services, travel, equipment, or other items.

**Merit Increase:** The normal pay increase granted at the time of an employee's review date. Currently, a merit increase is the equivalent of one merit step or approximately 4.0% of an employee's salary.

**New/Expanded Programs:** Departmental requests that are in addition to the current operations of the department.

**Objective:** A specific statement of intent or action that serves to achieve a stated goal.

**Operations:** An appropriation of funds for the performance of the normal functions of a department or a division.

**Organization:** A responsibility center within the management structure of a department.

**Performance Measures:** Criteria used to assess progress toward objectives in the implementation of a program.

**Program Elimination Commission:** The Commission established by the 2002 General Assembly, comprised of five voting members and four non-voting members that were given the responsibility of reviewing all programs and other functions funded in whole or in part with State or local government revenues. The goal of the Commission was to identify a 2.0% General Fund savings from the elimination of programs or sale of assets. The Commission was required to submit a report in the format of a legislative bill on or before December 31, 2002, detailing the Commission's findings and recommendations. The report was submitted to the Governor, the Supreme Court, and the General Assembly.

**Reversion:** Following the close of a fiscal year, all unencumbered or unobligated balances revert to the State treasury and to the credit of the fund from which the appropriation was made.

**Revolving Fund:** A fiscal entity with designated revenue source and specific expenditure purpose that has stipulated State agency access as required. All balances in a revolving fund typically remain in the fund at the close of the fiscal year for future expenditures.

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**Salary Adjustment:** Costs for raises, merit step increases, and other expenses associated with the collective bargaining agreement. The cost of the collective bargaining agreement is unknown at the time budgets are submitted and departments do not include these costs in their budget requests. An appropriation is made to fund salary adjustment costs in an annual Salary Bill.

**Salary Annualization:** Costs due to merit step increases, which occur for only part of the first year and require additional funds to be fully funded the second year. For example, if a merit step increase is given halfway through the fiscal year, the first-year cost to the agency is only one-half the amount the department would incur if the step started on the first day of the fiscal year. The department would incur the entire amount in the second year and request the difference between the first and second year amounts in the budget request.

**Standing Limited Appropriation:** An appropriation of a specific dollar amount established by the Code of Iowa. An example is the Indian Settlement Officer, Section 331.660, Code of Iowa: "There is appropriated annually from the General Fund of the State to the County of Tama the sum of three-thousand, three-hundred, sixty-five dollars to be used by the County only for the payment . . ."

**Standing Unlimited Appropriation:** An appropriation of an unspecified dollar amount established by the Code of Iowa. An example reads as follows: "There is hereby appropriated out of any funds in the State treasury not otherwise appropriated a sum sufficient to pay for . . ."

**Supplemental Appropriation:** Additional funds appropriated for the current fiscal year that are in addition to the original appropriation.

**Temporary Assistance for Needy Families (TANF):** The federal block grant created by federal Welfare Reform in FFY 1997, allowing states flexibility in welfare programs and instituting a five-year limitation that aid dependent families. In Iowa, the TANF block grant provides funding for the Family Investment Program (FIP) and other support programs for FIP recipients.

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## APPENDIX D

### ISSUE REVIEW SERIES

The Fiscal Services Division of the LSA monitors a variety of issues that develop in State agencies as part of a continuing effort to provide legislative oversight. Many issues are reported in the *Fiscal Update* newsletter, but some require more detailed review to present sufficient information, and some may require legislative action. The Fiscal Services Division developed an *Issue Review* series in 1992 to present selected issues to members of the Fiscal and Oversight Committees and the General Assembly. Where appropriate, each paper describes the specific issue; background information; and explains the current situation. In addition, the papers identify affected agencies, the Code of Iowa authority, and may provide alternatives the General Assembly may wish to consider, as well as budgetary impacts.

The following *Issue Reviews* were published during the 2003 Legislative Session or Interim and are available from the Fiscal Services Division of the LSA or at the LSA web site: <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

- Banner Wildlife Management Area Update
- Board of Regents Tuition Growth
- Capitol Complex Security
- Community College Division Management
- Criminal and Juvenile Justice Planning
- Iowa Agriculture Finance Corporation
- Iowa Corporate Income Tax Revenue
- Iowa Innovations Fund
- Medicaid Update
- Review of Iowa's 85.00% Sentencing Law
- Road Use Tax Fund Revenue Update
- State of Iowa General Fund Budget Changes
- Traffic Safety Program Funding
- Update on the Iowa Communications Network (ICN)

## APPENDIX E

### ELECTRONIC PUBLISHING OF INFORMATION

The Fiscal Services Division of the Legislative Services Agency (LSA) provides all standard publications in an electronic format on the Internet at: <http://staffweb.legis.state.ia.us/lfb>. The available information includes:

**[Bill Analysis \(NOBA\)](#)** – Side-by-side analysis of appropriation bills.

**[Budget Analysis](#)** – Analysis of department requests and Governor’s recommendations for annual budgets.

**[Fact Book](#)** – Statistical summary information.

**[Fiscal Facts](#)** – Highlights of the State budget and recent legislative session.

**[Fiscal Notes](#)** – Analysis of the fiscal impact of proposed legislation.

**[Fiscal Report \(Graybook\)](#)** – End-of-session financial report that includes analysis of enacted legislation.

**[Fiscal Update](#)** – LSA newsletter. Weekly during Session. Bimonthly during Interim.

**[Issue Review](#)** – Short reports on current topics before the Legislature.

**[Presentations](#)** – Slide presentations explaining various aspects of State government.

**[Revenue/Debt](#)** – Includes Revenue Estimating Conference (REC) Quarterly Estimates, Daily Receipts (daily and historical revenue information), Monthly Revenue Memo, State Debt Report, and Balance Sheets.

**[Tracking](#)** – Status and amounts of appropriations as bills progress through the appropriations process.

The site also provides information from each appropriations subcommittee, the Legislative Fiscal Committee, and the Government Oversight Committee. This information includes:

- Agendas for each meeting posted as soon as the schedule is finalized.

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- Minutes of each meeting posted within one week of the meeting.
  - Handouts of each meeting, usually posted the same day.

In an attempt to reduce paper and printing costs, the LSA produces a semi-annual CD-ROM. The disc contains many products and is produced at the beginning and end of each legislative session. This enables the LSA to publish over a thousand pages of information for under \$2.00 per copy.

The LSA continues to develop the distribution of information in an electronic format. If you have any suggestions, questions, or problems, please contact the LSA.

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**APPENDIX F**

**LEGISLATIVE SERVICES AGENCY  
FISCAL SERVICES DIVISION  
STAFF LISTING**

**Holly M. Lyons, Director  
Capitol, Second Floor  
281-5279**

| <b>STAFF ASSIGNMENTS</b>                 | <b>STAFF PERSON</b> | <b>PHONE</b> | <b>LOCATION</b>        |
|--|---------------------|--------------|------------------------|
| <b>FISCAL SERVICES DIVISION DIRECTOR</b> | Holly Lyons         | 281-5279     | Capitol – Room 217     |
| <b>DIVISION ADMINISTRATOR</b>            | Douglas Wulf        | 281-3250     | Miller Bldg.– Room 209 |
| <b>APPROPRIATIONS SUBCOMMITTEES</b>      |                     |              |                        |
| <b>ADMINISTRATION &amp; REGULATION</b>   |                     |              |                        |
| Auditor                                  | Sam Leto            | 281-6764     | Miller – Room 209      |
| Ethics & Campaign Finance Disclosure     |                     |              |                        |
| Human Rights                             |                     |              |                        |
| Treasurer                                |                     |              |                        |
| Administrative Services                  | Ron Robinson        | 281-6256     | Miller – Room 209      |
| Iowa Public Employees Retirement System  |                     |              |                        |
| Commerce                                 |                     |              |                        |
| Lottery                                  |                     |              |                        |
| Management                               |                     |              |                        |
| Revenue                                  |                     |              |                        |

| STAFF ASSIGNMENTS  | STAFF PERSON  | PHONE    | LOCATION          |
|--|---------------|----------|-------------------|
| Governor<br>Governor's Office of Drug Control Policy<br>Inspections and Appeals<br>Racing and Gaming<br>Secretary of State | Douglas Wulf  | 281-3250 | Miller – Room 209 |
| <b>AGRICULTURE &amp; NATURAL RESOURCES</b>   |               |          |                   |
| Agriculture<br>Iowa Family Farm Development Authority<br>Natural Resources   | Debra Kozel   | 281-6767 | Miller – Room 209 |
| <b>ECONOMIC DEVELOPMENT</b>  |               |          |                   |
| Economic Development<br>Iowa Finance Authority<br>Public Employment Relations Board<br>Workforce Development               | Russ Trimble  | 281-4613 | Miller – Room 209 |
| <b>EDUCATION</b>   |               |          |                   |
| Board of Regents<br>College Aid Commission   | Mary Shipman  | 281-4617 | Capitol – Room 17 |
| Blind<br>Community Colleges<br>Cultural Affairs<br>Education<br>Iowa Public Television                                     | Robin Madison | 281-5270 | Miller – Room 209 |
| <b>HUMAN SERVICES</b>  |               |          |                   |
| Child Care<br>Foster Care<br>Juvenile Justice<br>Elder Affairs<br>Public Health<br>Senior Living Trust                     | Lisa Burk     | 281-7942 | Miller – Room 209 |

| STAFF ASSIGNMENTS   | STAFF PERSON     | PHONE    | LOCATION           |
|---|------------------|----------|--------------------|
| County Based Services<br>Field Operations<br>General Administration<br>Institutions<br>Mental Health/Mental Retardation/Developmental<br>Disabilities Enhanced Services<br>Social Services Block Grant<br>Veteran's Affairs<br>Veteran's Home | Sue Lerdal       | 281-7794 | Capitol – Room 217 |
| Child Support Recovery<br>Children's Health Insurance Program<br>Family Investment Program, Promise Jobs, Food<br>Stamps<br>Medical Services<br>Temporary Assistance for Needy Families (TANF)<br>Block Grant                                 | Jennifer Vermeer | 281-4611 | Capitol – Room 217 |
| <b>JUSTICE SYSTEM</b>   |                  |          |                    |
| Iowa Law Enforcement Academy<br>Iowa Telecommunications & Technology<br>Commission<br>Judicial Branch<br>Public Defense<br>Public Safety  | Jennifer Acton   | 281-7846 | Miller – Room 209  |
| Civil Rights<br>Corrections<br>Indigent Defense/Public Defender<br>Justice Department<br>Parole Board   | Beth Lenstra     | 281-6301 | Miller – Room 209  |

| <b>STAFF ASSIGNMENTS</b>                              | <b>STAFF PERSON</b> | <b>PHONE</b> | <b>LOCATION</b>    |
|---|---------------------|--------------|--------------------|
| <b>TRANSPORTATION, INFRASTRUCTURE, &amp; CAPITALS</b> |                     |              |                    |
| Transportation  | Mary Beth Mellick   | 281-8223     | Miller – Room 209  |
| Capitals  | David Reynolds      | 281-6934     | Miller – Room 209  |
| <b>APPROPRIATIONS COMMITTEES</b>                      |                     |              |                    |
|   | Sue Lerdal          | 281-7794     | Capitol – Room 217 |
|   | Dave Reynolds       | 281-6934     | Miller – Room 209  |
|   | Holly Lyons         | 281-7845     | Capitol – Room 217 |
| <b>EDUCATION STANDING COMMITTEES</b>                  |                     |              |                    |
| School Finance  | Dwayne Ferguson     | 281-6561     | Capitol – Room 217 |
| <b>GOVERNMENT OVERSIGHT COMMITTEE</b>                 |                     |              |                    |
|   | Douglas Wulf        | 281-3250     | Miller – Room 209  |
|   | Sam Leto            | 281-6764     | Miller – Room 209  |
| <b>LEGISLATIVE FISCAL COMMITTEE</b>                   |                     |              |                    |
|   | Sue Lerdal          | 281-7794     | Capitol – Room 217 |
|   | Dave Reynolds       | 281-6934     | Miller – Room 209  |
| <b>WAYS AND MEANS STANDING COMMITTEES</b>             |                     |              |                    |
|   | Jeff Robinson       | 281-4614     | Capitol – Room 217 |
| <b>ADMINISTRATIVE STAFF</b>                           |                     |              |                    |
|   | Sandra Laust        | 281-4594     | Capitol – Room 217 |
|   | Charlotte Mosher    | 281-5279     | Capitol – Room 217 |
|   | Nicole Navara       | 281-6766     | Miller – Room 209  |